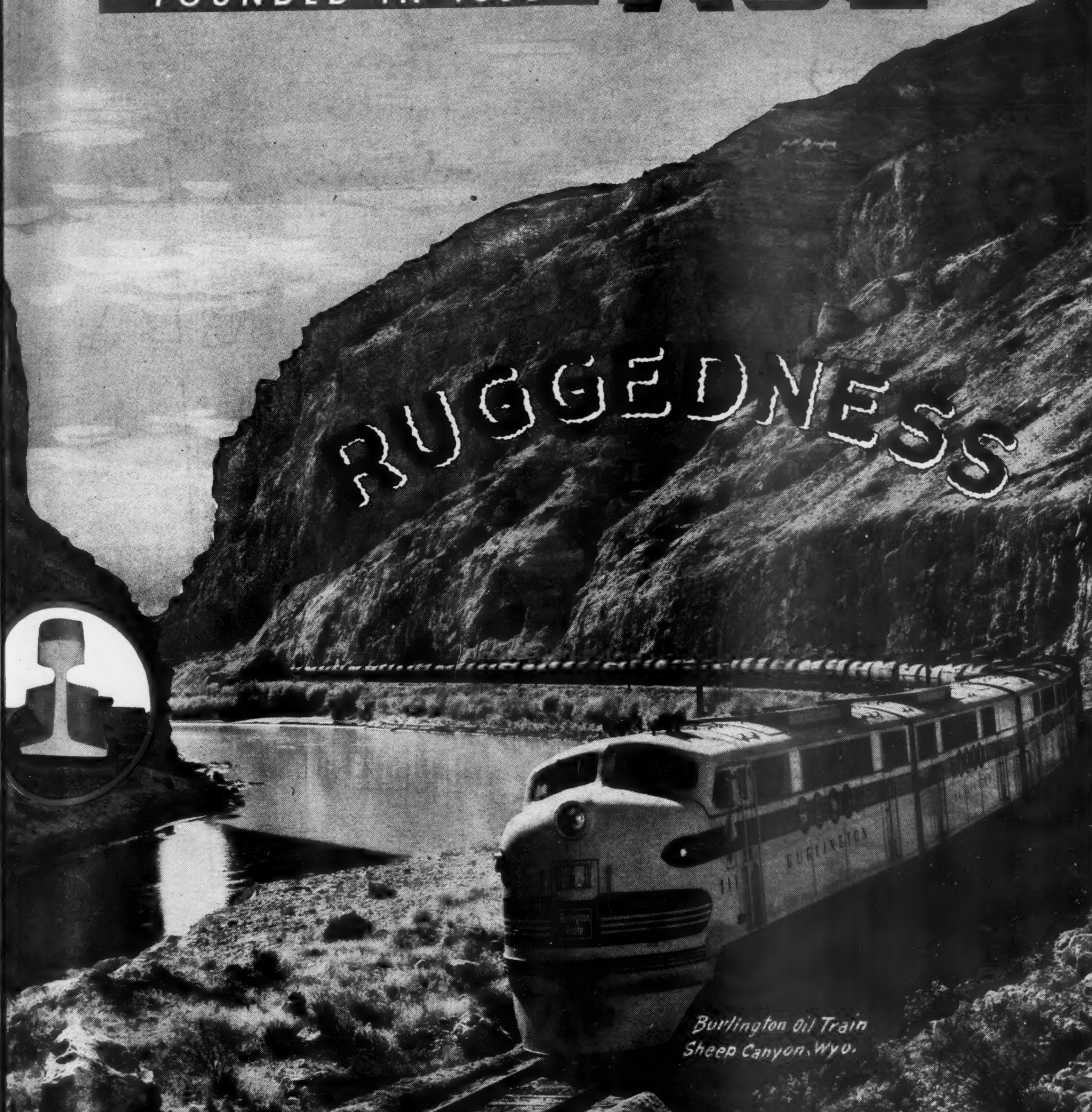
RAILWAY AGE

MAY 24, 1947

FOUNDED IN 1856



Burlington Oil Train
Sheep Canyon, Wyo.

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RAILWAY AGE

Incentives for Managerial Interest in Public and Employee Relations

It is one of the paradoxes of management in the railroad industry that the departmental officers who are charged with promoting sympathetic understanding of the industry on the part of employees and the public seem frequently to have more difficulty in arousing railroad management itself to an active and understanding interest in their work than they encounter in their dealings with the "outside."

Do the railroads, as now organized, provide management with sufficient economic incentive to seek and adopt improved methods in dealing with employees and the public—to the same degree that such incentive is offered to induce the search for and acceptance of improved technological methods and devices? This question has been raised by a faithful reader of these pages—referring specifically to the discussion which appeared in this space in our April 26 issue. It was there reported that the New York Railroad Club had had a meeting with an attendance of record-breaking size and geographical distribution, on the subject of proposed radical technological improvements in dining car equipment, and the observation was made that the railroads' technological problems, as a general rule, get more prompt and adequate managerial attention than those which arise in social and employee relations.

Incentive Prerequisite to Action

Our correspondent chides us gently for omitting to point out specifically that technological innovation is buttressed by the enthusiasm of manufacturers, motivated by self-interest; and that no such incentive is provided in support of improved methods in employee and public relations—hence the relatively slower rate of progress in that sector.

This question will bear looking into. Nobody will question that the honors for technological progress on the railroads must be shared by management with the suppliers of railway materials and equipment. It is a fact of the greatest significance that it is precisely in those areas where manufacturers have been most active, not only in developing improved equipment but in educational efforts to awaken the railroads to the merits of these improvements, that the railroad industry has shown its most striking technological development. No other one factor would so greatly accelerate progress in those zones of technology where innovation has occurred at a more moderate rate than for the manufacturers serving those sectors to imitate the methods employed in the fields where the rate of advance has been spectacular.

Nobody acts at all without incentive. Any problem of any industry, including the railroads, could doubtless be solved, if incentives of adequate strength were applied where needed to induce the desired results. Where results are lacking, it is a safe assumption that incentives are lacking too. So far as *economic* incentives go, it is doubtful whether railway management itself is aware of as clear and strong a motivation for the research and innovation required for improvement in labor and public relations as it has for furthering technological progress, because technological improvements produce *immediate results,* whereas months and even years must elapse before increased skill and effort in the field of personnel and public relations begin to ring the cash register.

Officers' "Job Expectancy" Important

It follows from this time-lag in achieving a tangible return that the *economic* incentive for the effort and expense necessary to improve labor and public relations on the railroads exists most strongly in younger railway officers, i. e., those who can look forward to being still on the job when the results are achieved. Those who seek to interest older railway officers in such efforts must, therefore, if their efforts are to be effective, base their "selling" primarily on appeals to

ethical and psychological motives, rather than the purely economic.

Reflection on this problem—but without the detailed corroboration which anyone familiar with railroading can supply from his own experience and study—seems to support the following conclusions:

1. The most serious threats to the future of the railroads as profitable private enterprise lie in unsolved problems in the field of labor and public relations.

Technological Progress Not Enough

2. Technological progress can and does, in part, offset the unfavorable results of difficulties in the zone of public and employee relations but it cannot solve them completely. That is to say, technological progress, while it is of the greatest importance, and needs to be constantly intensified and expanded, cannot alone assure a prosperous railroad industry. Bad public or employee relations can dissipate economy faster than perfection itself in technology could possibly promote it.

3. Where progress tends to lag anywhere in the industry, the remedy is to be found in applying to those areas the methods which, experience shows, have produced highly satisfactory results in other phases of railroading. Specifically, this means that the incentives which have produced striking improvements in such things as motive power and signaling should be simulated, if possible, by those who would foster improvements in areas where progress has been relatively slow.

4. The initiation of improved methods for dealing with personnel and public relations is the primary responsibility of the railway officers in charge of those departments—but they cannot get very far with such improvements without the active support of top management. Personnel and public relations officers do not have at their bestowal the economic or other incentives which they can apply to arouse greater interest and action on the part of top management in their departmental objectives. They can, however, recognize and utilize the incentives toward such action which already exist but are not operating effectively because insufficient attention has been drawn to them.

Specifically, then, the question arises, Would it not be worth demonstrating to younger railroad executives and other officers, more conclusively than anyone has yet attempted, that these younger officers, at least, have a direct economic interest in the prompt and intelligent solution of the railroads' pressing labor and public relations problems? Otherwise, in a decade or so, there may be no railroad executive jobs, except those obtainable at the hands of the politicians or the Civil Service Commission.

Those whose responsibility it is to promote public and employee understanding and sympathy for the railroad industry are faced with the even more immediate problem of evolving a technique by which they can successfully arouse the enthusiasm of top railroad management in the importance, to management itself, of the work of these departments—and to provoke a desire on the part of management to acquire sufficient knowledge of the fundamental principles of this work, to enable it to distinguish between effective performance and mere expensive glitter.

All Out of Step Except the Railroads

There are not enough technically-trained young men to meet the demand for them in industry, including the railroads. Recognizing this situation, most large industrial companies have been sending their recruiting officers, practically in droves, to the higher institutions of learning of the country to contend for the most talented and best qualified seniors of the coming June graduating classes. If the experience of Rensselaer Polytechnic Institute is any criterion, most of the railroads aren't particularly interested in this situation—or, possibly, believe they already have all the "talent" they need.

As pointed out in a feature article in this issue, based on an interview with Dr. William E. Crew, assistant dean of students at Rensselaer, representatives of 50 leading companies have conducted personal interviews with seniors of the current graduating class, beginning early in the spring, and nearly 100 other companies have written to the institute in an attempt to obtain graduating seniors. Among the 50 companies conducting personal interviews, according to Dr. Crew, there was but one railroad—the New Haven—and among the nearly 100 companies making written inquiry, there was also only one railroad—the New York Central. Last year two roads wrote—the Erie, early in July, and the Chicago & North Western, in the fall.

There are other outstanding technical schools besides Rensselaer, and doubtless railroad "talent scouts" have been in contact with other schools—but the experience at Rensselaer does not suggest that the demand from the railroads has been anything like a stampede. It could be true, of course, that the railroads are not in such great need of young college-trained men as other industries, but this is not in accord with the most recent report of the Committee on Cooperative Relations with Universities of the American Railway Engineering Association, which called the needs of the railroads for young men with engineering training "particularly critical at this time."

It could also be that Rensselaer graduates are not attractive to the railroads—which, however, seems scarcely likely, since it is the oldest and one of the best-regarded science and engineering schools in the country—a school that has named student dormitories after ten deceased railroad presidents, all graduates; one which can list innumerable high-ranking engineering officers on the railroads among its alumni; and one where the administrative officers and faculty continue to maintain a keen interest in railroad work.

Maybe Rensselaer seniors are not railroad-minded. But Dean Crew reports that approximately 50 seniors, or about 20 per cent of the graduating class, were sufficiently interested in railroad work to confer with the New Haven representatives this spring, and added that, "We were all very pleasantly surprised by the interest which our graduating seniors have displayed in railroad work."

We have no report on just how hard other colleges of the country may have been pressed by the railroads for their coming June graduates. Many of them have been approached, we know, because a few roads have

been aggressive in seeking such men. But if the experience at Rensselaer is any indication of the pressure put on these other colleges by the railroads, a few more years of such pressure will find the railroads as a whole hard-pressed to find any colleges, faculties or students interested in their field.

A Treacherous Enemy

Shortly after Pearl Harbor was attacked in 1941 preparations were made to transfer a considerable amount of ordnance equipment mounted on railway cars, cars which had not been moved for some time, from the Atlantic seaboard to the West coast. Fortunately, these cars did not have to be moved immediately, because air-brake tests showed that the walls of the air pipes were corroded and leaking in many places. This incident serves to show how corrosive action creeps up on the unsuspecting, and how embarrassing and expensive it can be to those responsible for its prevention.

The very slowness of corrosion is one of the reasons why railroad mechanical departments frequently suffer with the ill rather than attempt a cure. A broken axle on the ordnance cars would have been replaced immediately; a series of broken axles over a short period of time would have brought about an investigation and a wholesale change to axles made to a different specification. But the relative slowness of corrosion, and the difficulty in estimating accurately the economic loss it causes, are reasons why there is less concern about its damaging effects than there is about more obvious but less costly conditions or defects.

In an article on saving critical materials by softening water, published in the April 24, 1947, issue of *Railway Age,* the former superintendent of water service of the Illinois Central, C. R. Knowles, introduced calculations to show that savings of 100,000 lb. of tube, flue and firebox steel a year would be made in a group of 60 locomotives using water treatment to minimize or eliminate boiler scale—one result of corrosive action.

Last year, a report on water treatment presented at the annual meeting of the Master Boiler Makers' Association gave an estimate of 22.5 cents as the value of the saving per pound of scale-forming materials neutralized, and quoted figures giving 220,000,000 lb. of scale as the annual savings effected by water treatment. These data are quoted here only to show the extent of the losses due to just one form of corrosion. Data on losses due to the corrosion of freight and passenger cars and of locomotive parts other than boilers, if available, doubtless would be no less startling.

With the shortage of materials as critical now as it was during the war, every advantage should be taken of known methods for prolonging the life of metal. Whatever the method employed, be it water treatment, the use of corrosion-resistant materials, the application of protective coatings, a change in design, or the introduction of a different fabricating method, the tangible and unknown values of the results would be tremendous.

Keep Trained Traffic Men with the Railroads

The railroad freight traffic department, with but few exceptions, has never adopted the policy of employing personnel from the ranks of other roads, nor of hiring men previously equipped with practical traffic training. Its general policy is to promote up the ranks through the position of file clerk, statistician, rate clerk, chief clerk, and so on, to the ranking posts in the department. The knowledge thus gained along the way is invaluable, each job equipping the incumbent better to handle the next, and, by the time the employee has reached the status of freight solicitor, he has a practical background in every phase of the work which he will be called upon to know in selling freight transportation effectively. He is, moreover, an "expert" on his own railroad. This system is commendable; its value time-proven.

But the alarming feature is the ratio of attrition which occurs along the way. Especially in the more advanced stages of training, and most generally after rate experience has been gained, the ranks are raided by the industries—the railroads' customers. As a result, industrial traffic managers are usually ex-railroad men, and their departments are largely staffed with "railroad traffic department graduates." The time and money which the railroads have spent in preparing these young men for sales work and traffic department administration is all too often the gain of outside companies—although, of course, it is an advantage to the railroads to have among their customers so many who are still "railroaders at heart."

It would seem that measures are justified which would keep a larger ratio of trained traffic men with the railroads. If the industrial concerns feel justified in paying these men better salaries on the basis of their traffic training, certainly the railroads, which spent time and money on their training, can afford wages that will retain a larger percentage of the men in railroad service.

Nor is it entirely a matter of remuneration. The traffic department clerk who, under the prevailing promotion system, is the sole source of sales and traffic officer material, is too often regarded as "just a clerk," rather than as an apprentice freight representative and an embryo traffic officer. Many traffic officers like to talk about their graduation, *magna cum laude,* from the "school of hard knocks." It must be apparent to them that many of the young men under them are "undergraduates" in that school right now, with special problems brought about by extended interruption to their careers by military service, lack of housing, high costs of living, and, in some instances, lack of certainty regarding their future on the road. Attention to the needs and desires of these young "undergraduates" will certainly pay off.

No class of employee is more valuable to the railroads than that of men who can sell transportation service—men who combine a top-notch personality with a practical railroad background. It would seem both necessary and desirable, therefore, for the railroads not only to "train 'em, but keep 'em."

How Can L. C. L. Service Be Improved?

Much of the traffic is profitless, and service is unsatisfactory, but analysis suggests remedies are available

PART I

By LEON LEIGHTON

THE present method of handling l.c.l. freight is unsatisfactory both to shippers and railroads. Shippers are dissatisfied because the service, generally speaking, is inadequate to their needs. The railroads are concerned because much of this traffic is unprofitable. Both aspects of the problem are rapidly becoming acute. These facts are so generally recognized that they do not require proof, but a brief survey of them will be helpful in evaluating the proposed remedies.

The large majority of l.c.l. shipments require one or more transfers en route. A tabulation made for the 1940 Senate hearings* by the Interestate Commerce Commission, which summarized reports by the railroads giving full details regarding all l.c.l. freight originated during the week ended October 7, 1939, showed (Hearings, p. 26) "that each ton of less-than-carload freight originated during the test week was handled (i. e. loaded, unloaded or transferred to another car en route) an average of 3.15 times. The average number of transfers en route was therefore 1.15." Since there were numerous direct merchandise cars, many shipments must have been transferred two or three times in order to make this average of 1.15. Transfer handlings have increased since then as the result of the heavier loading required by General Order O.D.T. 1.

Much Crosstown Movement

In many cases, one of the transfers involved a crosstown movement at an interline junction point. The commission tabulation showed that of all the line-haul cars (excluding peddler cars) received from connections during the week ended October 7, 1939, the number worked at the interchange point was 35 per cent in the Eastern District, 39 percent in the Southern District, and 64 per cent in the Western District (Statement No. 6, Sheet 5). Our observation indicated that a substantial portion of such interchange work required a crosstown movement, especially at the larger and more congested gateways.

Serious delay, costly loss and damage, and substantial expense result when transfer handling is required. The physical facilities of many transfers are outmoded, and even the more modern houses were never intended, and are not equipped, for the heavy volume now passing through them. Platform labor is harder to get, and is increasingly less productive while receiving higher wages per hour. Poorer quality of personnel, aggravated by indifference as to how the job is done, results in misdirection, loss, or pilferage of many shipments, and in damage to many others.

In most cases, the service given on shipments moving in direct merchandise cars is satisfactory. But l.c.l. freight which is transferred en route takes much longer than carload freight to reach its destination, and is subject to much greater loss and damage. These shortcomings are even more marked in the many situations where more than one transfer is required, or where the transfer necessitates a crosstown movement.

If the service is not substantially improved, as more trucks become available shippers will again use them extensively for long-haul movements.

All shippers, whether interested in production or in distribution, emphasize the vital importance to their business of the prompt movement of l.c.l. freight. Their concern with it is evidenced by the frequency and intensity of discussion of the subject by the Shippers' Regional Advisory Boards, the National Industrial Traffic League, and other shipper organizations.

Small Shipments Often Vital

One of the largest producers in this country, having plants in most of the industrial areas, pays freight bills exceeding $100,000,000 a year. Although l.c.l. traffic accounts for less than two per cent of this total, it is this shipper's most important and most difficult transportation item, because the delayed arrival of one or a few small shipments containing necessary parts may (and too frequently has) upset an entire production schedule.

The traffic manager of Wright Aeronautical Corporation testified in the 1940 Senate hearings that (p. 431) "in spite of an inventory well over $15 million, a little washer no longer than your shirt button could delay the delivery of an urgently needed product which it had taken us 12 weeks to bring through our production line, with shipping value in the thousands." Expeditious handling of this type of freight was a prerequisite in the efficient production of all implements of war—one outstanding illustration being the vital part played in the development of the atomic bomb by the l.c.l. shipments delivered to Oak Ridge, Tenn.

The indispensability in our present peacetime manufacturing process of the type of producers' goods which is usually

About the Author

Mr. Leighton is a successful New York lawyer who for several years has been studying the railroads' l. c. l. problem. He was associated with the Rail-Truck Conservation and Merchandise Traffic Sections of the O. D. T. for two years during the war, and his experience there introduced him to the l. c. l. question and challenged his analytical interest — as a long-standing problem of great seriousness, alike to railroads and shippers, and toward the final solution of which comparatively slight progress has as yet been made.

This article is not written from a theoretical point of view and the author has not fallen into the trap of advocating pooling or any of the other panaceas. Instead, in a sense, the article is not Mr. Leighton's, but represents a condensation and synthesis by him of the ideas of over 30 of the country's leading traffic men (both railroad and industrial), with whom the author has discussed the problem.

Readers' comments on the article will be welcome, however critical they may be.

* Hearings held in July, 1940, before a subcommittee of the Senate committee on interstate commerce, on Senate Resolution 146, authorizing an investigation of l.c.l. and forwarder traffic.

shipped in l.c.l. quantities is becoming greater because of the increasing decentralization of manufacture, and has been brought home by the numerous recent instances where strikes or other delays in one or two parts-producing plants have completely paralyzed production in the industries supplied by those plants. To the writer's own knowledge, important construction projects have been delayed because of a lack of nails.

This seriously curtailed supply of producers' goods available now and in the foreseeable future makes it impossible for producers to accumulate necessary parts in sufficient quantity to tide them over delays in delivery, and therefore intensifies the dependence of our production line upon the prompt handling of l.c.l. traffic. Loss and damage, which is a galling economic waste at any time, can cause incalculable injury under present conditions where production may be subject to long delay until the lost or damaged item is replaced.

The Distribution Pattern

Merchandise traffic is equally important in the field of distribution: here its significance is quantitative rather than qualitative. L.c.l. freight accounts for a substantial part of the total tonnage of all shippers in this category. This is the result of the changed pattern of distribution which came into being after World War I and which is being adopted by an increasing number of wholesalers and retailers.

In *All Freight to Pacific Coast,* decided in October 1941, the Interstate Commerce Commission said (248 I.C.C. 73, at p. 79):

> The trend is now toward small units of sale and rapid turnovers. The former method of buying merchandise in large quantities, in straight carloads, and storing until used, or shipping to wholesalers or jobbers and distributing locally, has been largely discontinued as being uneconomical.

In the 1940 Senate hearings, Walter Franklin, traffic vice-president of the Pennsylvania, said (p. 109):

> For the past 20 years there has been a growing tendency toward hand-to-mouth buying. Many establishments no longer carry large stocks. Their purchases are predicated on quick turn-overs. Apparently, the difference between the less-carload and carload rates in such cases, even though substantial, does not offset the carrying and storage charges.

This development may be even more marked in the future. The uncertainties of price trends, the ever-present danger of sudden diminution of purchasing power, the overhanging threat of new products or of improvements in existing products, and the reluctance of distributors to tie up liquid capital, will induce them to confine their inventories to immediately foreseeable requirements.

A second factor which is likely to increase the volume and significance of l.c.l. freight is the growing importance of small business in the distribution field. Many producers of non-durable consumers' goods are committed to the policy of effectively developing their small retail outlets in order to insure the widest possible advertising and distribution and to obtain assurance of stable volume. Public sentiment has often shown a marked partiality towards the small retailer—a sentiment which will grow because of the large numbers of veterans who are engaging in this field of activity.

The whole purpose of the present method of distribution is frustrated when l.c.l. freight is not handled expeditiously. The delayed arrival of such shipments may not cause the disastrous consequences experienced by the shippers of producers' goods, but distributors cannot conduct their business effectively on a small-inventory basis unless they have a dependable inflow of replacement stock.

The railroads have built up enviable good will among shippers because they were willing to carry all the freight during the war, when many truckmen evaded their common-carrier obligation by adopting a pick-and-choose policy. Because of such good will, the railroads will retain the long-haul traffic already captured from the trucks and will recapture a substantial volume of additional traffic, if l.c.l. service meets the needs of the shippers. But this opportunity will be irretrievably lost if unsatisfactory service forces shippers again to resort to trucks.

The history of diversion of l.c.l. traffic from rails to trucks is set forth in Table I, taken from the Interstate Commerce Commission's compilation of Freight Commodity Statistics. This table shows a comparison of tons originated and freight revenue for the manufacturers and miscellaneous classification on the one hand, and l.c.l. freight on the other hand, from the three-year base period (1928-1930) to date, together with the relative percentages based on this three-year average taken as 100 per cent.

The two classifications are properly comparable, because all the important commodities which move l.c.l. fall under the manufactures and miscellaneous classification when they move in carload quantities. The far greater decline of l.c.l. than of manufactures and miscellaneous during the period from 1933 to 1940, and the fact that since then l.c.l. tonnage and revenue reached respective peaks of only 60 per cent and 80 per cent of the base period while the corresponding figures for manufactures and miscellaneous are 140 per cent and 235 per cent, demonstrate the substantial inroads made by the trucks into the l.c.l. traffic.

Where Losses Occur

Part of this loss represents short hauls, where railroads cannot hope to compete effectively with trucks. But a substantial portion is long-haul traffic which shifted to trucks because of rate concessions or superior service or both. Railroad rates now are generally equal to or less than truck rates; where the increases in *Ex parte 162* have raised the rail over the truck rates, the latter will doubtless be correspondingly increased because of higher costs of truck transportation. With the rates on a comparable level, the railroads can get and keep a large volume of the long-haul business if they will give satisfactory service. The potentialities and the vital importance of such recapturable traffic were pointed out in the 1940 Senate hearings by John Deasy, operating vice-president of the Pennsylvania Railroad, where he said (p. 93):

> In order to estimate the amount of business that we might recover under fair and equal business and competitive conditions, we have analyzed the total known merchandise shipments moving various distances. We have discarded, as not recoverable, most of the very short-haul movements and also certain proportions of the movements for greater distances, the discarded proportions decreasing as the distances increase. We have compared the volume of merchandise traffic we now handle with several different indexes, such as the Federal Reserve Board Index, factory employment, department store sales, and carload traffic movements.
>
> This analysis, based upon 147 conditions, in-

TABLE I—DIVERSION OF L.C.L. TRAFFIC TO TRUCKS

	Tons Originated (millions		Freight Revenue* (millions)		Percentage of Base Period			
					Tonnage		Revenue	
	Mfrs. & Misc.	L.C.L.	Mfrs. & Misc.	L.C.L.	Mfrs. & Misc.	L.C.L.	Mfrs. & Misc.	L.C.L.
1928-1930	307	34.2	$1,602	$486	100.0	100.0	100.0	100.0
1931	207	22.8	1,083	340	67.6	66.5	67.6	70.1
1932	144	15.2	769	253	46.9	44.5	48.0	52.1
1933	157	14.4	820	229	51.2	41.9	51.2	47.1
1934	179	14.4	923	224	58.5	41.9	57.6	46.1
1935	197	14.0	1,065	226	64.1	41.0	66.5	46.5
1936	245	16.3	1,309	256	79.9	47.6	81.7	52.8
1937	265	17.2	1,368	262	86.5	50.2	85.4	54.1
1938	195	14.4	1,076	241	63.4	42.1	67.2	49.5
1939	233	14.9	1,289	252	76.0	43.5	80.4	52.0
1940	262	14.7	1,436	248	85.5	42.9	89.6	51.0
1941	337	18.1	1,952	307	109.8	52.9	121.8	63.2
1942	377	17.6	2,875	339	122.8	51.5	179.5	69.8
1943	412	18.9	3,518	359	134.2	55.3	219.6	73.9
1944	431	20.1	3,759	374	140.4	58.8	234.6	77.0
1945	412	20.8	3,496	386	134.2	60.8	218.2	79.4

* Freight revenue includes revenue on tonnage originated, tonnage terminated, and tonnage handled intermediate.

dicates a loss by the Pennsylvania to other forms of transportation in that year of approximately 4,700,000 tons. It further indicates that, of this total loss, there is potentially recoverable about 2,275,000 tons, which would produce revenue of about $30,000,000. But the gross revenue which we actually received for that year was about $33,000,000. Accordingly, if the merchandise tonnage that is recoverable should be added to the tonnage which we now handle, it would mean that our total gross revenue from merchandise traffic would be about doubled.

Under our present operating conditions relating to the handling of this form of traffic, we can convert a minimum of about 50 percent of that additional gross into net income.

In the last analysis, our net income from this traffic depends on our unit costs, and those costs are to a large extent controlled by volume. Many of the cost items are fixed and do not fluctuate with the volume, so that the greater the volume, the lower the total cost per unit.

Our aim is and must be to increase to the fullest extent possible the volume of merchandise traffic which we handle directly. Only in that way can we adequately provide the kind of service which the public requires and safeguard the interests of the thousands of people who are directly dependent on the welfare of our railroad.

The indexes used by Mr. Deasy are much higher today than they were in 1937, so that the potential recoverable volume of l.c.l. traffic must be correspondingly higher. But unless the railroads materially improve the service, it is likely that they will lose more business to the trucks, instead of recapturing part of that which had previously been lost.

Restricted Markets

Inadequate l.c.l. service produces another serious result. Some shippers complain that the present service shuts them out of distant markets, which confine their purchases to closer sources of supply to insure prompt delivery. They can compete on carload deliveries, but not on the l.c.l. shipments which are so important to their customers. A number of shippers say they will be forced to relocate part or all of their operations for the sole purpose of being nearer to their markets; some of them have already done so. The railroads serving the territories out of which these plants move will lose the substantial inbound and outbound traffic (carload as well as l.c.l.) created by the plants themselves, and by the business life of the community which is dependent upon them.

Proper l.c.l. service, on the other hand, will often enable plants to reach out for markets which they have not been able to serve theretofore. The railroads serving these plants will obtain additional carload and l.c.l. traffic as the result of the increased activity; and will earn the good will of the shippers, and of the community which derives the benefit of the increased employment.

The railroads are dissatisfied with the present method of handling l.c.l. traffic because the operation is so unprofitable.

In the July hearings in *Ex parte 162,* President Palmer of the New Haven testified that to date in 1946 their l.c.l. tonnage was running even higher than during any of the war years, and that "for the year 1945 we suffered a substantial out-of-pocket loss in handling this traffic and with any increased volume and the further increases in cost, our losses will be greater" (Minutes, pp. 1817-18). One railroad whose annual l.c.l. revenue is several million dollars says it loses 40 cents on every dollar received. Some executives have expressed the opinion that the method of handling l.c.l traffic will determine whether they report black or red figures in the crucial years ahead.

In the 1940 Senate hearings, Mr. Eastman said (p. 478):

No cost studies of which I have knowledge have indicated that this traffic is profitable to the railroads on anything better than an out-of-pocket cost basis. It does not pay its share of full allocated operating expense and taxes, to say nothing of profit. While the rates charged are high, compared with those on carload traffic, the difference falls far short of covering the excess in costs.

Most long-haul direct merchandise cars show a satisfactory profit. But where shipments require transfer en route, the out-of-pocket cost of all the additional services involved in the handling of l.c.l. traffic generally exceeds the difference between the l.c.l and carload rates, and such excess is often greater than the profit on the carload business.

The cost of pick-up and delivery and of platform handling varies widely among cities and among railroads, and accurate figures of universal application cannot be obtained. Information from reliable sources shown in Table II sets forth a fair general estimate of minimum costs of pick-up and delivery operations and of platform handling.

TABLE II—Minimum Costs of Pick-up and Delivery and of Platform Handling
(Cents per 100 lb.)

	Larger Cities	Smaller Cities	
Pick-up	15¢	10¢	
Delivery	15	10	
Platform handling:			
a) Origin	8	6	
b) Destination	8	6	
c) One intermediate transfer	8	8	
Total of out-of-pocket costs			
Between smaller cities			40¢
Between a smaller and a larger city			47
Between larger cities			54

Since the preponderant percentage of l.c.l. freight moves from or to a larger city, the range of 47 cents to 54 cents per 100 lb., or $9.40 to $10.80 per ton, may be taken as the general minimum total out-of-pocket cost of the additional services required for l.c.l. handling where one transfer is involved. Where the transfer requires a crosstown movement, there must be added a truck charge of approximately 8 cents (the cost where trap cars are used cannot be presently ascertained), plus 8 cents for rehandling at the platform of the receiving carrier, thus increasing the total cost by 16 cents per 100 lb. or $3.20 per ton. Any transfer in excess of one involves an additional cost of 8 cents per 100 lb., or $1.60 per ton.

Analysis of its own operations by any railroad will generally indicate that the minimum total costs shown in Table II substantially exceed the difference between the average revenue received per ton of l.c.l. and the average revenue received per ton for the same commodity moving between the same points at carload rates, even after giving effect to the full increases authorized in *Ex parte 162.*

The word "minimum" in the preceding paragraphs should be emphasized. In the May hearings in *Ex parte 162,* Vice-President Franklin of the Pennsylvania testified that they paid between 20 cents and 24 cents for pick-up or delivery in New York City, a little less in Philadelphia where it was done by their own trucking company, and 16½ cents in Chicago (Minutes, p. 260). In many cities the pick-up or delivery charge had been held to the 10-cent or 15-cent figure stated above only by virtue of the O. P. A. ceiling over the local cartage rates. Since these ceilings have been removed, the increases in wages by motor carriers have resulted in bringing charges for pick-up and delivery to at least 10 cents in the smaller cities and 15 cents in the larger cities; in New York, Philadelphia and Chicago, they will soon exceed those stated by Mr. Franklin. Some railroads will find that the actual expense of freight handlers and checkers will not be as much as 6 cents to 8 cents. But if consideration is given to the full labor cost of freighthouse operation, including waybilling, and supervisory, protective, clerical and accounting personnel, those figures will be found to be conservative.

Loss and Damage

In preparing the tabulation of ascertainable costs, no allowance has been made for the amount of loss and damage to l.c.l. freight in excess of the normal carload experience. This item cannot be expressed in a general figure of cents per 100 lb. applicable to all railroads, but most operating departments recognize that with the present type of platform labor, this excessive loss and damage has become an important element of l.c.l. cost.

The direct merchandise cars operating between the larger cities, such as those from New York to Buffalo and to Pittsburgh, from Boston to Philadelphia, and from Chicago to Kansas City, to Memphis, and to Minneapolis, have proved highly profitable. That is because the avoidance of transfers eliminates expense and substantially reduces loss and damage; while the length of the haul produces sufficient revenue to

absorb the cost of pick-up and delivery and of platform handling at origin and destination freighthouses, and the volume and regularity of the movement produces more efficient operation. These considerations apply with special force to the long-haul l.c.l. traffic moving in scheduled merchandise cars from cities in eastern and central territories to Pacific coast terminals, which the transcontinental railroads consider the most profitable of all their freight traffic in proportion to volume. *Illinois Territory Industrial Traffic League* v. *Union Pacific Railroad Company,* 262 I. C. C. 227, at pp. 238-9 (decided in April, 1945). But if anyone doubts that l.c.l. traffic which requires transfer en route does not pay its fair share of the cost, I would suggest that he ascertain the out-of-pocket costs of the additional operations required for, and the excess over normal carload loss and damage involved in, a representative segment of such traffic, and compare the total of those costs with the difference between the l.c.l. and carload rates on the shipments studied.

Maintenance of Good Will

The railroads cannot escape from the problem by encouraging shippers to transfer all their l.c.l. traffic to the trucks, because enough of the traffic will still stick to the rails to require the maintenance of facilities and an organization to handle it. Moreover, too much shipper good will depends upon the proper handling of l.c.l. And the revenues derived from it are essential to the welfare of the railroads. The conclusion seems inevitable—since it is impossible or impracticable to give up the traffic—that the solution must lie in building up the volume by methods which will reduce the unit cost of handling it.

In the 1940 Senate hearings, Vice-President Franklin of the Pennsylvania said (p. 100):

> The revenues from less-carload traffic are necessary to the welfare of the railroad, and volume is essential to the quality of the service.

Similar views were expressed also by Vice-President Deasy of the P. R. R., by Vice-President Marshall of the Chesapeake & Ohio, Nickel Plate, and Pere Marquette, speaking also for the Erie (p. 139), by Vice-President Law of the Illinois Central (p. 217), by Vice-President Robinson of the Union Pacific (pp. 232-5), and by the chief commerce agent of the Southern Railway (p. 187).

The importance of this traffic to the revenues of the railroads may be seen from Table III, showing the tons of l.c.l. freight originated and terminated and the revenue derived therefrom in each region for the year 1945.

TABLE III—TONNAGE AND REVENUE FROM L.C.L.

Region	Tons: Originated	Tons: Terminated	Freight Revenue*
New England	1,714,137	1,482,553	$22,970,118
Great Lakes	3,830,319	3,375,172	61,462,621
Central Eastern	5,088,715	4,293,405	79,273,871
Pocahontas	521,634	693,545	12,079,534
Southern	3,578,135	3,837,412	73,519,399
Northwestern	2,170,099	2,110,766	36,127,322
Central Western	2,471,489	2,760,903	66,110,388
Southwestern	1,458,621	1,897,408	34,414,935
United States	20,833,149	20,451,164	$385,958,188

* Freight revenue includes revenue on tonnage originated, tonnage terminated, and tonnage handled intermediate.

The foregoing discussion indicates why the present method of handling l.c.l. freight is so unsatisfactory to both the shippers and the railroads. The problem will not solve itself. As Mr. Deasy said in the 1940 Senate hearings (p. 75):

> Less-than-carload traffic alone accounts for approximately 10 percent of our gross freight revenues. This item makes up too large a part of our income for us not to apply our best thought to its preservation and enlargement. . . .
>
> It is the obligation of the managers of the railroads to give to the public the kind of service that it needs.

There is no greater public transportation need than that connected with merchandise traffic. Almost every individual in this country is in one way or another concerned directly or indirectly in the transportation of merchandise. Less-than-carload shipments move to and from every village and hamlet and almost every family in the nation. The requirements of this great number of people, representing practically every business and domestic enterprise, large and small, throughout the country, demand that the search for improved methods in the handling of merchandise traffic be continually pressed with vigor and resourcefulness.

Shippers have given careful thought to the problem because it is so important to them. From shipper sources come two proposed remedies which would greatly improve l.c.l. service and would make the operation more profitable to the railroads. Since the proposals are independent though complementary, either may be adopted without the other. They are not a panacea for all the difficulties connected with l.c.l. traffic, nor are they the only remedies which should be examined. But consideration of the proposals in a constructive spirit, and further discussion of them with shippers in a cooperative effort to develop them in a feasible manner, will help in reaching a solution which will substantially ameliorate the situation. These proposed remedies will be discussed in the concluding portion of this article, to appear in next week's issue.

Hand-Guided Tractor

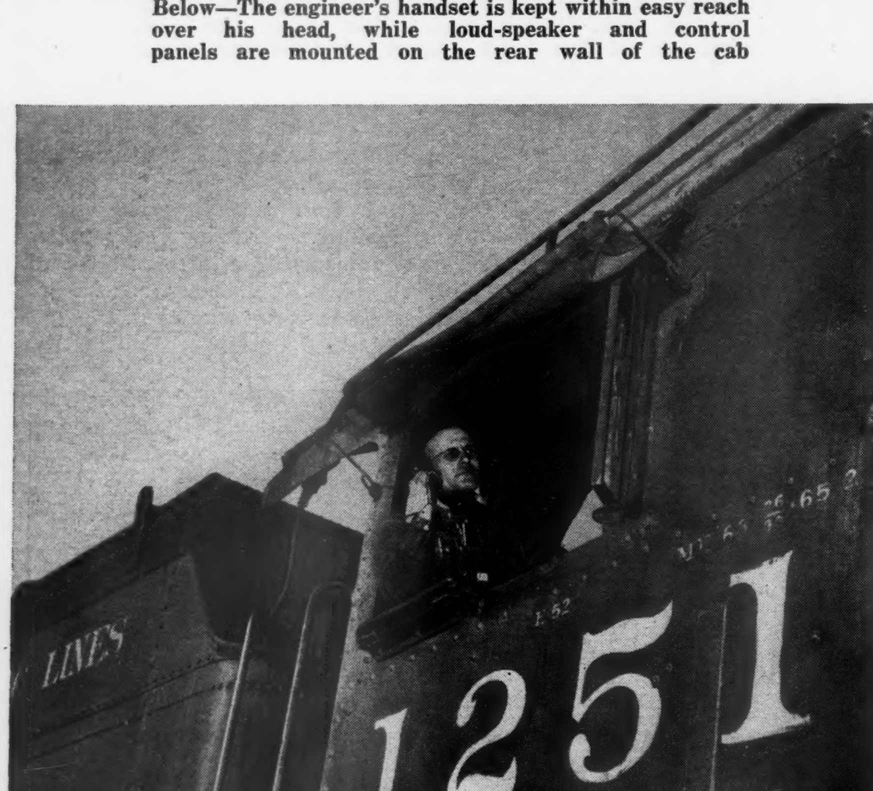
A new electric towing unit, known as the Worksaver tractor, has been introduced by the Yale & Towne Manufacturing Co., 4530 Tacony street, Philadelphia, Pa. With this device it is possible for the operator to guide, maneuver and walk the load.

The tractor, which is said to have ample power for hauling heavy trailer loads, is mounted on three rubber-tired wheels, 10 in. in diameter, and has an extremely short turning radius.

The Worksaver tractor

Train Communication on 191 Miles on the Missouri Pacific

Above—General view of the equipment in the caboose. Below—The engineer's handset is kept within easy reach over his head, while loud-speaker and control panels are mounted on the rear wall of the cab



THE Missouri Pacific is making rapid progress in the installation of train communication on the 191-mi. district between McGehee, Ark., and Alexandria, La. The apparatus is now in service on ten locomotives and six cabooses, and five additional locomotives and nine additional cabooses, as well as seven wayside offices, are being equipped as fast as materials are available.

Two systems of communications are included in this project. Radio, operating at 160.41 megacycles, is used for communication between the conductor in the caboose and the engineman in the locomotive of each freight train. The inductive-carrier system, which utilizes the wayside line wires, is used for communication between the conductor in the caboose and the operators in seven wayside stations in this territory.

The Mobile Equipment

On each locomotive the loud-speaker, handset and controls are mounted in the cab within easy reach of the engineer. The transmitter and receiver equipment are in a sheet-metal case mounted under the tender. Power is supplied by a compact steam-turbo generator mounted on the boiler. The antenna is mounted on the brakeman's cabin on the top of the tender. The coaxial cable to the antenna is carried up through the inside of the tender in a 2-in. pipe which is welded in the bottom of the tank, but, at the top, a slip joint was required to permit the pipe to move up and down with the undulation of the tank caused by the surging of water when the locomotive is in motion.

In each caboose, the radio sending and receiving sets are in sheet-metal cases mounted in an angle-iron frame. Two handsets are provided—one for the radio, used to converse with the engineer; and the other for the inductive carrier, used to converse with the operators in the wayside offices. Power on the caboose, while in motion above a certain speed, is supplied by a generator belt-driven from a truck axle. When the caboose is standing, power is furnished from a storage battery. The antenna, which is mounted on the roof of the caboose, is of a special design, including a spring coil, which permits a flexibility of 90 deg. for the upper 16 in., thus allowing it to "duck" under low overhead obstructions without being damaged.

The radio has been in service on some of the locomotives and cabooses since February; therefore, numerous instances have occurred in which the train communication has saved train time. Switching moves are being arranged by conversation between the conductor and the engineer, thus avoiding long walks by members of the crew. When an unscheduled stop is made by the engineer because of some mechanical difficulty, or for other reasons of which the conductor is not aware, the engineer has been able to tell the conductor the estimated duration of delay, which often permits time for a thorough inspection of the train by the train crew. Time has also been saved in making terminal and on-line air brake tests by getting prompt action through use of the radio in setting and releasing brakes, instead of depending on hand signals.

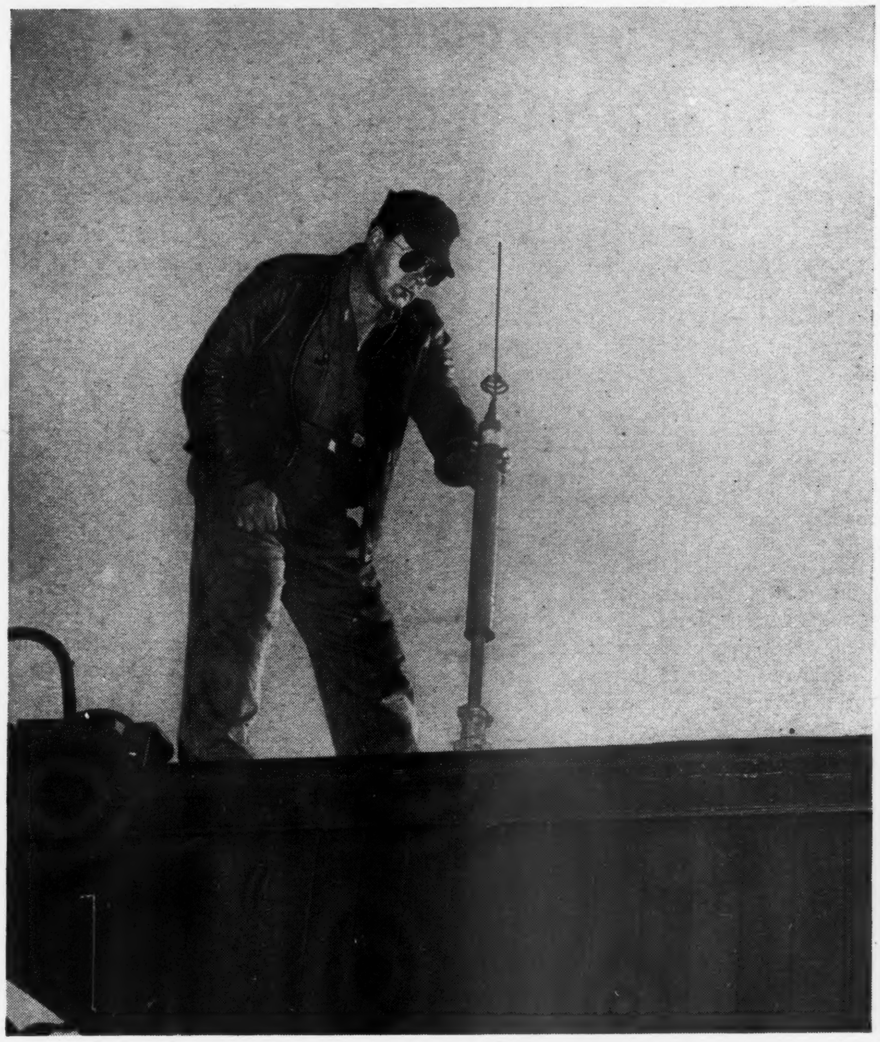
Radio Helpful in Emergencies

By the use of the train radio the use of the conductor's air valve in stopping trains may be avoided in emergencies. On freight trains moving at slow speed, as out of a siding, setting the air from the rear has often caused break-in-twos, resulting in serious delays and damage to cars and their contents. Radio has enabled the conductor to advise the engineer of hot-boxes, dragging equipment, shifting loads or other defects discovered from the rear, so that the train can be stopped by the engineer—and without use of the conductor's valve in the caboose.

Train radio has also simplified the checking of train orders between the conductor and engineer, as well as the routine matter of getting signals to the head end when the flagman has returned, after having performed his duty of protecting the rear of the train. The conductor, with the handset of his radio in the caboose, calls the engineer and tells him to "let 'er roll" the moment the flagman has safely boarded the caboose.

When it is necessary for freight trains to enter a siding to meet an opposing train, or to let an overtaking train pass, front-to-rear radio communication facilitates the move. The conductor tells the engineer the exact position of the rear end of the train with reference to the switch when entering and leaving the siding. This often saves long walks by a member of the crew to transmit hand signals, which is otherwise difficult and often impracticable, especially in curved track territory or during adverse weather conditions.

The train communication equipment is being installed by Missouri Pacific forces, the major items of equipment being furnished by the General Railway Signal Company.



Above—Coaxial-type antenna mounted on the caboose roof includes a spring coil of wire which gives the upper 16 in. a flexibility of 90 deg., allowing it to "duck" under low overhead obstructions without damage. Below—Radio technician testing the transmitting amplifier in the steel case under the locomotive tender

I. C. C. Approves Coast Line Control of F. E. C.

THE Interstate Commerce Commission has modified its approved plan for the reorganization of the Florida East Coast to permit that road's merger or consolidation with the Atlantic Coast Line. The decision, dated April 8 but made public May 20, is in the third supplemental report in the proceedings, and as to the control of the F.E.C. is a reversal of the earlier modified plan, under which control would have rested in the St. Joe Paper Company, which in turn is controlled by the Alfred I. duPont estate. It also differs from the recommendation of Examiner Ralph H. Jewell, whose proposed report (reviewed in *Railway Age* of June 29, 1946) favored acquisition by the St. Joe Company.

The third supplemental report represents the views of a majority of the commission, but Commissioner Mahaffie was joined by Commissioners Miller and Splawn in a dissent, to which Commissioner Lee agreed in part, while Commissioners Mitchell and Barnard, the latter being "necessarily absent," did not participate in the disposition of the case.

Capitalization $40.5 Million

The present report leaves unchanged at $40,500,000 the total capitalization of the reorganized property, which amount was prescribed in the 1945 plan (summarized in *Railway Age* of January 20, 1945, page 186), and it likewise makes no provision for the participation in the reorganization of equity holders in the old company, since the commission finds their stocks to "have no value."

The decision to reverse its previous findings and approve the merger of the Florida East Coast into the Atlantic Coast Line was based on findings that there would result a betterment of service, particularly with respect to "(a) passenger service, in that locomotive runs will be lengthened, equipment pooled, passenger traffic offices consolidated, through operation of dining cars effected, advertising programs combined, train personnel coordinated, interline tickets eliminated and adjustment of ticket refund and baggage claims simplified; and (b) freight service, in that stoppage in transit privileges will be facilitated, joint-line differentials over single-line hauls on certain commodities eliminated, [certain] reciprocal switching charges . . . eliminated, the placing of diversion and reconsignment orders made more convenient to shippers, a single operation of movement of sugar cane into the sugar plant at Clewiston effected, the Jacksonville switching yards consolidated with consequent savings in time now consumed in interchange and expedition of freight-train movement in both directions, and the freight stations at Jacksonville consolidated."

Economy is expected to result from the consolidation through the unification of executive and supervisory forces, consolidation of yards and freight stations at Jacksonville, unification of purchasing and of off-line traffic activites, and reduction in inventory and handling of materials and supplies.

As to the "apprehensions" of some shippers and communities on the F.E.C. that they would be adversely affected by a consolidation resulting in less competition north of Jacksonville for F.E.C. traffic, the commission said such fears were not justified since it would be to the interest of the Coast Line to serve all its territory impartially; existing through routes via Jacksonville and the Southern and Seaboard Air Line are required by the commission's order to be maintained; and the Coast Line, in an endeavor to retain the long haul, would have to appeal to the public on the basis of the quality of its service. Traffic relationships between trunk-line carriers would prevent, under this arrangement, "any abuse of power such as would be possible under control of the debtor's line by the St. Joe Company," the report said.

The Southern had opposed the acquisition of the F.E.C. by the Coast Line, and favored control by the St. Joe Company, on the ground that it would have little opportunity to continue to exchange traffic with the A.C.L.-controlled East Coast, despite the Coast Line's assurances that all existing interline routes will be maintained, and in this opposition it was, in general, supported by the Seaboard Air Line. The commission, however, held that the effect of the merger upon the revenues of the objecting roads, if any, would not adversely affect the public interest, inasmuch as it is requiring that through routes via Jacksonville in which those roads participate with the F.E.C. be kept open.

Control of the East Coast by the St. Joe Company would be "contrary to the public interest," the commission found, since the latter, "because of its large banking interests," would be in a position to "influence a great number of shippers or receivers to route their shipments over any connecting carrier which, because of advantageous division arrangements, or for other reasons of its own, it may wish to favor and that such opportunity given to a private institution of admittedly widespread power presents a situation which might have grave consequences and against which it would be impossible adequately to protect the shipping public and the carriers with which the debtor's line connects."

Annual Charges

The plan now approved contemplates an advance by the Atlantic Coast Line of $4,125,000 in cash, which, with securities of that company, is allocated to holders of the old F.E.C. company's first and refunding mortgage bonds. Of the $45,000,000 principal amount of these bonds, the St. Joe Company was stated to hold about $23,259,000. The plan provides for the allocation to these bondholders of the following Coast Line securities: $13,500,000 of new A.C.L. divisional first mortgage 25-year 3½ per cent bonds; $7,875,000 of new A.C.L. divisional income mortgage 75-year 4¼ per cent bonds; $9,000,000 of new A.C.L. participating cumulative 4 per cent preferred stock; and $6,000,000 (stated value) of A.C.L. existing common stock. With the cash advance, the capitalization of the property thus would equal the $40,500,000 contemplated in the 1945 plan for a reorganized Florida East Coast.

Annual charges on the new capitalization would be $1,274,062, distributed as follows: On the divisional first-mortgage issue (secured as to principal only by the F.E.C. properties but an A.C.L. system obligation as to interest), $472,500 fixed interest plus $67,500 sinking-fund payment; on the divisional income-mortgage issue (similarly secured), $334,687 contingent interest and $39,375 contingent sinking fund payment; and on the preferred stock $360,000 dividends, cumulative to the extent of 12 per cent. Outstanding equipment obligations would remain undisturbed, being assumed by the A.C.L.

While the cash to be supplied by the Coast Line is limited to the amount thus allocated, the plan provides that a cash reserve of $10,725,551 (from F.E.C. funds) be set aside for rehabilitation and improvements, and that an additional contingent cash reserve of $3,433,370 be established pending final determination of the road's federal tax liabilities. In the event that this reserve is not consumed in this way, any residue is to be distributed *pro rata* to holders of

(Continued on page 1083)

Stock car reconditioned for high-speed service

Timken Bearings for U. P. Stock Cars

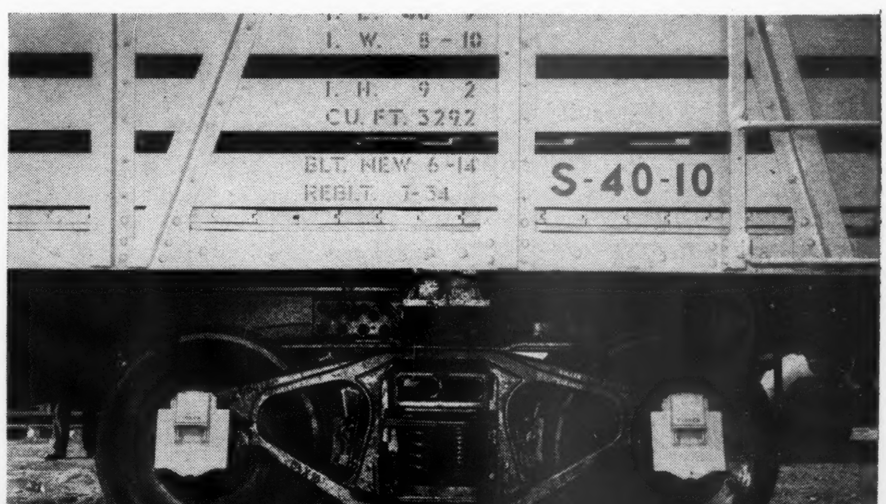
THE 300 Union Pacific stock cars, scheduled to be thoroughly reconditioned and equipped with Timken roller bearings for high-speed service (as announced in an equipment news item in the *Railway Age* of March 22), will be painted the familiar U. P. streamliner colors—canary yellow with bright red lettering—and used in fast, non-stop Diesel-operated freight service between Salt Lake City, Utah, and Los Angeles, Cal.

This new manifest stock service will reduce the westbound schedule more than 40 per cent by eliminating a stopover at Las Vegas, Nev., for water and feed. With this service in effect, the Union Pacific will be in a positon to transport livestock nonstop from Salt Lake City to Los Angeles in about 32 hr. instead of the usual schedule of 58 to 60 hr. In other words, practically passenger train schedules will be provided for the delivery of livestock.

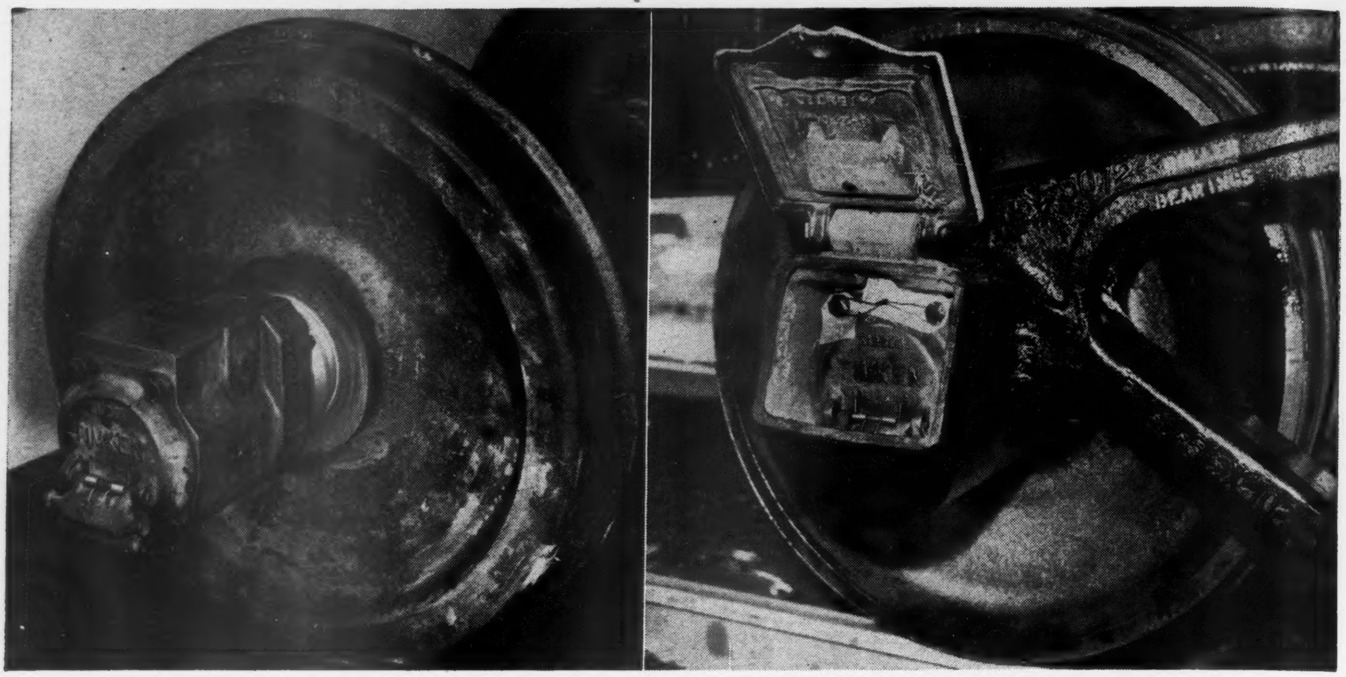
Work Done on the Cars

The higher freight-train speeds will be made possible largely by the use of roller bearings which eliminate speed restrictions so far as journal bearings are concerned, and also practically eliminate the possibility of hot boxes and other journal troubles. In addition, the roller bearings are expected to reduce starting resistance about 90 per cent.

The 300 stock cars to which roller bearings are to be applied have an inside length of 40 ft. 6 in., inside width of 8 ft. 10 in. and inside height at eaves of 9 ft. 4¼ in. These cars were converted from box cars in 1938, have steel under-



A conventional freight-car truck equipped with Timken roller bearings



Timken roller-bearing enclosure applied to a journal (left) and inserted in the conventional journal box (right)

frames, steel ends and steel roofs, and are equipped with AB brakes and power hand brakes.

The cars are now being conditioned for high-speed service by making necessary repairs to the underframes; replacing defective side slats; and applying all-steel riveted roofs to such cars as were not equipped previously.

Of these cars, 250 will be double-deck with the upper deck located 5 ft. 4 in. from the floor. This will permit handling either single-deck loads of cattle on the lower deck, or the double-deck loading of sheep or hogs. Fifty of the cars will be single deck.

In addition to finishing the car sides in Armour yellow with red lettering the color scheme calls for painting ends and roofs aluminum. This will not only enhance the appearance of the cars, but the aluminum-painted roofs are expected to reflect the sun's rays to a certain extent and thus reduce the heating effect on stock being shipped in the cars.

Roller-Bearing Application

These cars are equipped with 5½-in. by 10-in. journals and trucks with springs arranged for 80,000-lb. load, with a load limit of 90,000 lb. Upon receipt of roller bearings, the trucks will be conditioned, new bearings applied and conventional spring snubbers conditioned or replaced as necessary.

The double-deck cars weigh approximately 45,800 lb. and single-deck cars average about 45,000 lb.

The Timken roller bearings used in these stock cars are included in enclosures of special design. In order to utilize existing side frames, with the original friction-bearing journal boxes cast integral, a slight modification of the side frame is necessary. This consists of removing the dust-guard retaining webs at the back end of the friction-bearing box.

Two single-row Timken bearings are used in a roller-bearing enclosure, the top of which is designed to simulate the wedge of the friction bearing. The Timken bearing enclosure has recesses cast on the sides corresponding to side-thrust lugs on the inside of a friction-bearing box, in order to take transverse loads and hold the wheels in proper relation to the truck frames.

The Union Pacific has two car sets of these roller bearings applied at present with a third car set ready to go in service shortly. Delivery of the 300 car sets of bearings and boxes is expected to start in about three months.

Power for Store Supply Trains

THE Great Northern has equipped supply trains with independent power plants to meet the growing demand for power for the functions performed by these trains. They are used to haul materials and equipment from district supply stores to division and section points and to various places where railroad crews are working. On each of the trains, as regular equipment, is an Onan W3S electric generating plant which supplies 3-kw. of 60-cycle, 115-volt, a.c. power.

One purpose of the generating units is to operate electrically driven pumps for transferring gasoline and oil from tank cars to points where it can be drawn off for rail cars, weed burners, tie tampers and other work equipment. Each train includes one or more standard tank cars equipped with a Dayton-Dowd 150-g.p.m. transfer pump, mounted permanently on the tank car. There are two similar pumps in a miscellaneous oil car, each pump being driven by a 1½-hp. a.c. motor.

Power is also used for lighting several of the cars in the train and for the operation of repair tools and other equipment.

The Onan power unit is installed in one end of the living and small-supplies car. Two of the pumps are mounted on the floor of the enclosed miscellaneous oil car and the pumps on the tanks are mounted underneath the shell. The latter are not protected from the weather. Electrical connections between the power plant and the pump motors are made with No. 8 four-conductor cable, and Pyle-National Quelarc plugs and receptacles. Two-wire cable and two-pole plugs and receptacles are used for electric-light connections between living car, baggage car and miscellaneous oil car.

How the Other Fellow Does It— and "Gets His Man"

Interview with dean at engineering school shows keen rivalry among industries — except railroads — for June graduates

By FLOYD TIFFT

Public Relations Director
Rensselaer Polytechnic Institute,
Troy, N. Y.

THE rush is on again. Leading companies in industry are scouring the top college campuses for smart, technically-trained college graduates. Competition seems as intense, if not more intense, than ever before. According to William E. Crew, assistant dean of students at Rensselaer Polytechnic Institute, Troy, N. Y., this is due to two factors:

(1) The great shortage of technically-trained men, and

(2) Increased realization among industry of the value of going *to* the campus to obtain men of the highest quality.

Representatives of 50 leading companies have been conducting personal interviews among current seniors at Rensselaer. Close to 100 other companies have written to R.P.I. in an attempt to obtain graduating seniors in June. Among the companies which have sent representatives this spring for interviews, only one was a railroad—the New Haven. One other road—the New York Central—wrote in, outlining its training program and the advantages of company employment.

While current enrollment at Rensselaer is at an all-time peak of around 3,800, the war-produced dislocations of normal educational patterns means that only some 250 seniors will be available. Of these, probably about 25 had made future plans before interviewers appeared.

The starting salaries offered to seniors graduating with B.S. degrees usually average between $2,700 and $3,000 a year. Dean Crew says the lowest he recalls was $2,400, while in exceptional cases salaries offered for foreign service run a great deal higher than the average.

Personal Interviews

Although commencement is not until mid-June, so many of the graduating seniors had signed up by mid-May that it was apparent that very few would be unclaimed by graduation time, Dean Crew disclosed. Approximately 225 of the 250 graduating seniors registered for an interview with at least one company representative. Although one student "shopped around" so thoroughly that he probably had 20 interviews, the average R.P.I. senior goes through only three or four before making up his mind.

At Rensselaer, the company representative usually spends one or two days on the campus. Interviews with interested students are arranged in advance, and the company representative is given the use of an office. At the noon-hour he lunches with Dr. Crew, joined usually by the heads of one or two of the departments whose graduates particularly interest him.

"The company representatives, as a rule, are personnel men," says Dr. Crew. "They are of the highest caliber both in character and in qualifications. That is one of the pleasures of my job. I don't recall a single case in which the company representative knew only the price, and not the value."

Letters Less Effective

The larger companies frequently have special booklets describing the advantages of working for them. This is true particularly of firms with regular training courses. Most of these companies have definite pay schedules during the training period, and usually a definite pay increase after six months. Companies which do not have special recruiting booklets often send copies of their annual stockholders reports.

"Among the companies which write to us, instead of sending a representative," says Dr. Crew, "there are a few who will say something like, 'We want some mechanical engineers. Will you please send us some?' This means we must write back and ask for details. Very few, however, have been so indefinite, and many indicate the type of work and the approximate salaries they have in mind paying."

One large eastern company presented a program somewhat as follows:

(1) All interested students should fill out an application form.

(2) Applicants should be assembled at 9 a.m. for a one-hour talk by the company representative on the advantages of working for the company.

(3) The lecture would be followed by a two-hour written examination to determine the "horse sense" or judgment of the candidates.

(4) Twenty-minute individual interviews then would be held with each candidate.

(5) Those in whom the company remained interested would report at the company's plant, several hours away, in another state, for physical examinations.

(6) Final selections then would be made.

"That type of program is ideal from a company's point of view," Dean Crew said, "but it is not physically possible to carry it out on most campuses. Students' classroom schedules vary widely, so that it is impossible to get together such a group at a given hour. Students also must have time for studies and classes. When you consider the fact that we are booked solid with company representatives from March 6 through June 3, it is evident that such a program would allow the students time for nothing except interviews.

"We succeeded, however, in arranging a successful compromise. Forty-five minute interviews were held with each interested senior. The test was taken at night."

The Bell System sent a coordinated, three-man team to Rensselaer—consisting of one representative of the New York Telephone Company, another for the Western Electric Company, and a third for the parent A.T.&T.'s Long Lines division.

The Navy, recruiting civil service personnel, followed the very astute course of sending two "very highly qualified scientists"—the kind of men with whom the graduates would be working.

The Army, looking for candidates for commissioned officers in all branches, presented a different type of set-up. Two majors first appeared on the campus as talent scouts. They were

(Continued on page 1080)

The Author

Big Task Confronts Supply Officers

P. & S. Division returns to Atlantic City after an absence of ten years to celebrate its 21st birthday, with a full realization of its accomplishments and the problems yet to be solved

By C. H. MURRIN*
Chairman, Purchases & Stores Division, A. A. R.

THE triumvirate of railroad association business meetings is again on the calendar for the week beginning June 23, 1947, in Atlantic City, N. J.—the Purchases & Stores Division of the Association of American Railroads, the Mechanical Division of the A. A. R., and the Railway Supply Manufacturers' Association constituting this trio. Not in ten years have these three groups combined similarly in a "get-together." During the intervening period a vastly-widened and more deeply-seated recognition that they are an outstanding bulwark of our nation has been conferred on our railroads, of which the memberships of these groups are a vital, daily-functioning element.

Suppliers' Role in Convention

The two A. A. R. divisional meetings will be admirably complemented by the R. S. M. A.'s extensive exhibit of, and concerning, the suppliers' products in the fields of railroad rolling stock and other equipment, specialties and fixtures, and materials and supplies. Due to the many advances made in railroad car and locomotive construction during recent years, and the fact that there has been no corresponding exhibition since the two divisions last met in Atlantic City in 1937, the current exhibit will be of outstanding interest to all railroaders—and it is a certainty that they will give it every attention.

On behalf of the Purchases & Stores Division, I extend greetings and a very sincere welcome to those who will attend our 1947 meeting. May our assemblage be a fruitful business meeting of direct and tangible value to all our railroads in improving the conduct of their purchasing and storekeeping activities. The program planned for the forthcoming meeting embraces the presentation of committee reports and special papers pertaining to all of the basic phases of railroad materials procurement, caretaking, and distribution.

Although each report is of specific interest on its own, each takes on added importance when considered, as it should be, as supplementing or complementing the reports and recommendations of previous years, all of which are embraced in our individual annual proceedings, and thus constitute a reference record or, in substance, a composite recommended procedure.

* General Storekeeper, Louisville & Nashville.

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Program of the P. & S. Meeting

Monday, June 23

Meeting called to order by Chairman C. H. Murrin
Address: J. H. Aydelott, vice-president, Operations & Maintenance Department, A.A.R.
Communications
Appointment of committees (resolutions and memorials)
Action on minutes of 1946 annual meeting
Report of General Committee
Address: Chairman Murrin, general storekeeper, Louisville & Nashville
Presentation and discussion of reports on:
- Subject 1—Purchases & Stores Department Manual — Recommended Rules and Practices
- Subject 2—Standard Material Classification
- Subject 3—Scrap, Handling and Preparation—Classification and Sale
- Subject 3A—General Reclamation
- Subject 4—Material Stock Report — Inventory and Pricing Methods and Practices
- Subject 8—Shop Manufacturing

Tuesday, June 24

Address: Benefits to Be Derived by Active Participation in the Division and the Importance of the Use of Fundamentals Recommended by the Division, by General C. D. Young, vice-president, Pennsylvania
Presentation and discussion of reports on:
- Subject 5—Forest Products
- Subject 12—Purchasing Department—Organization and Procedure
- Subject 13—Stationery and Printing
- Subject 14—Fire Prevention—Safety Practices —Purchasing & Stores Department

Annual Essay Contest Committee:
Selected Best Papers:
- Public Relations—A Job for Us All, by Harry C. Miller, secretary to vice-president, purchases and stores, Illinois Central
- How Far Can the Stores Department Go in Establishing Minimum Stocks? by W. P. Brown, division storekeeper, Chicago, Rock Island & Pacific

Presentation and discussion of reports on:
- Subject 42—Diesel Locomotive Parts—Purchasing and Storekeeping
- Subject 15—Storage and Material-Handling Facilities
- Subject 19—Capacity Loading and Prompt Handling of Cars of Company Materials and Reduction of Non-Revenue Ton-Miles

Address: W. C. Kendall, chairman, Car Service Division, A.A.R.
- Subject 21—Purchasing, Storage and Distribution of Equipment and Supplies Used in Dining Cars, Hotels and Commissaries

Wednesday, June 25

Address: Public Relations, by C. E. Smith, vice-president, New York, New Haven & Hartford
Presentation and discussion of reports on:
- Subject 9—Fuel-Coal, Fuel Oil and Diesel Fuel Oil
- Subject 16—Simplification and Standardization of Stores Stock
- Subject 23—Material Conservation
- Subject 29—Exchange of Materials
- Subject 34—Maintenance of Way and Construction Materials (Including Signal, Telephone and Telegraph)—Purchasing, Storing and Distribution
- Subject 37—Stores Department Organization, Practices, Records and Stock Control
- Subject 40—Loss and Damage Prevention — Salvage and Disposition

Reports of:
- Resolutions Committee
- Memorials Committee
- Nominating Committee

Election of Officers
Adjournment

U. S. Supreme Court Upholds I. C. C.'s Decision in Class-Rate Case

Sustains all findings of commission and absolves it from charges that it was seeking to enter field of economic planning; Frankfurter and Jackson dissent

THE Supreme Court's May 12 decision upholding the Interstate Commerce Commission's interim order in the No. 28300 class rate case went through a comprehensive review of the record in that proceeding to sustain the commission in all its findings and to absolve it from charges that it was seeking "to enter the field of economic planning, and to arrange a rate structure designed to relocate industries, cause a redistribution of population, and in other ways offset the natural advantages which one territory has over another." The approved commission order was issued May 15, 1945, and it requires a general increase of 10 per cent in class rates applicable within Official territory and a general decrease of 10 per cent in class rates applicable within and between Southern, Western Trunk-Line, and Southwestern territories and between those territories on the one hand and Official territory on the other, subject to prescribed distance rates as minima.

As noted briefly in last week's issue, the Supreme Court's 63-page majority opinion was a 7-to-2 decision written by Justice Douglas, with the dissents coming from Justices Frankfurter and Jackson. It affirmed the May, 1946, decision of the special three-judge federal court, sitting at Utica, N. Y., which had also sustained the commission, at the same time, however, issuing an injunction staying the rate adjustment pending the appeals to the Supreme Court.

Injunction Vacated

The latter's determination also vacates that injunction, but there is yet no indication as to when the railroads will be required to establish the new rate adjustment. The normal period for the issuance of a Supreme Court mandate is 25 days after the date of a decision, but petitions for a shortening of that period or for reconsideration of the decision may be filed. The case before the courts embodied three appeals which had been consolidated into one proceeding. They were filed by a group of northern states headed by New York, the governors of the New England states, and a group of western railroads.

The commission's decision was reported in the *Railway Age* of May 26, 1945, page 937. It embraced the No. 28310 investigation of the Consolidated Classification as well as the No. 28300 class rate proceeding. The interim adjustment is a preliminary step which the railroads are required to take while they proceed to comply with the decision's permanent plan calling for the establishment of a uniform classification to apply throughout the country and a completely-revised scale of class rates to apply (like the interim adjustment) in all territories except Mountain-Pacific.

The Supreme Court's majority opinion opened with a review of developments leading to the commission's decision which came out of investigations instituted in 1939. Referring to the "great lack of uniformity in the classifications," Justice Douglas called it a problem with which the commission "has long wrestled." He noted that until 1935, the Interstate Commerce Act's section 3(1) prohibited discrimination only against a "person, company, firm, corporation, or locality, or any particular description of traffic." Also, how the Supreme Court had held "by a closely divided vote" that "locality" did not include a port. Thereafter, Congress amended section 3(1) so as to extend the prohibition against discrimination to include a "port, port district, gateway, transit point." And in the Transportation Act of 1940, the words "region, district, territory" were added. That 1940 act also embodied the so-called Ramspeck Resolution authorizing and directing the commission to make an investigation into rates between points in one classification territory and points in another territory and into like rates within territories.

The 1940 Amendments

From this background, Justice Douglas proceeded to consider the contention that the commission had "misunderstood its duties under these 1940 amendments" in that it has construed them as a congressional mandate meaning that "identical rates, mile for mile, should be established everywhere in the country, in face of a long-standing practice of rate-making . . . that allowed differences in rates which were based on differences in the length of haul, character of terrain, density of traffic, and other elements in the cost of service." Appellants had also cited the Supreme Court's decision interpreting the Hoch-Smith Resolution as a congressional expression which did not purport to change the existing law but left the validity of rates to be determined by that law.

Justice Douglas found, however, that, in the present case, the commission "did not proceed on the assumption that the Ramspeck Resolution changed the substantive law"; it took that resolution only as a "directive" to "investigate and correct violations of substantive law as it deemed that law broadened" by the addition to section 3(1) of the words "region, district, territory." The commission's conclusion that these additions enlarged the scope of that section is upheld. In that upholding, however, the court emphasized that Congress "merely made clear its purpose that regions, districts, and territories should be the beneficiaries of the law against discriminations"—it did not "introduce a new standard of discrimination" by authorizing "uniform freight rates, mile for mile, without regard to differing costs of service."

Evidence on Discrimination

Coming to the question of whether or not the commission's findings concerning regional discriminations were adequately supported by the evidence, Justice Douglas said he would not stop to analyze or discuss the "rather voluminous evidence" along that line beyond observing that "some of the specific instances support what is plainly to be inferred from the figures we have summarized—that class rates within Southern, Southwestern, and Western territories, and from those terri-

tories to Official territory, are generally much higher, article for aticle, than the rates within Official territory."

"That," Justice Douglas went on, "was the basic finding of the commission; and it is abundantly supported by the evidence. Thus discrimination in class rates in favor of Official territory and against the Southern, Southwestern and Western Trunk-Line territories is established."

He pointed out, however, that such a determination "is not the end of the matter," for it must be shown that a discrimination against a territory is "obnoxious" to section 3(1) under the rule of *United States v. Illinois Central R. Co.*, 263 U. S. 515, 521. As quoted by Justice Douglas, that rule stipulates that differences in rates are brought within the prohibition of section 3(1) only when there is a showing that the discrimination practiced is "unjust when measured by the transportation standard," i. e., "the difference in rates cannot be held illegal, unless it is shown that it is not justified by the cost of the respective services, by their values, or by other transportation conditions."

Importance of Class Traffic

In arguing that the commission's decision did not meet this test, the appellants contended that there was no showing of unlawful discrimination in favor of individual shippers in Official territory or against shippers in other territories. Also, they cited instances wherein lower classification ratings in the South result in lower rates in Southern territory than those in Official territory; but Justice Douglas said that such instances did not comprise the "dominant pattern." He then turned to the contention class rates cannot be a source of injury to shippers in Southern territory, because they "have largely become paper rates," with the great bulk of the traffic moving on commodity rates and exceptions to the classification.

As to the view that discrimination against shippers must be shown, Justice Douglas said it was "too narrow." He conceded that a case of unlawful discrimination against shippers by reason of their geographical location would be an unlawful discrimination against regions where the shipments originate; but "an unlawful discrimination against regions or territories is not dependent on such a showing." Here Justice Douglas quoted a previous declaration of the court that "discriminatory rates are but one form of trade barriers."

"Their effect," he continued, "is not only to impede established industries but to prevent the establishment of new ones, to arrest the development of a state or region, to make it difficult for an agricultural economy to evolve into an industrial one. Non-discriminatory class rates remove that barrier by offering that equality which the law was designed to afford. They insure prospective shippers not only that the rates are just and reasonable *per se* but that they are properly related to those of their competitors. Shippers are not then dependent on their ability to get exception rates or commodity rates after their industries are established and their shipments are ready to move. They have a basis for planning ahead by relying on a coherent rate structure reflecting competitive factors."

A Push Back to Class Rates

As to the relatively small amount of traffic which moves on class rates, Justice Douglas said that "proves not that the regional and territorial discrimination is slight, but that the rate structure as constituted holds no promise of affording the various regions or territories that parity of treatment which territorial conditions warrant."

He next reviewed the commission's inquiry into the effect of the class rates on the economic development of the South and West, an inquiry which he said "took a wide range." Among other things it went into the "great advance in industrialization of Official territory over the other territories," a point which the justice said "need not be labored, for it is obvious." The justice conceded that the South has shown more rapid industrial development percentagewise in recent years, but he found the percentage comparisons "not particularly revealing" because of the "great disparity" of the bases on which they are computed. "The fact remains," he asserted, "that the economic development of the South and West has lagged and still lags behind Official territory."

"Natural Advantages"

As to the contention that such situations "reflect only natural advantages which justify differences in rates," the court found it sufficient at this point to say that "the record makes out a strong case for the inference that natural disadvantages alone are not responsible for the retarded development of the South and the West, that the discriminatory rate structure has also played a part. . . . If this discriminatory rate structure is not justified by territorial conditions, then its continued maintenance preserves not the natural advantages of one region but man-made trade barriers which have been imposed upon the country."

This brought Justice Douglas to his consideration of the commission's finding that conditions peculiar to the respective territories did not justify the differences in the territorial class rate structures. And there he went into the cost studies made by the commission's staff, noting that the commission's summary of them had said they showed "little significant difference in the cost of furnishing transportation in the South as compared with the East, Pocahontas excluded," and that the costs in the West are from 5 to 10 per cent higher than in the East. It was also noted at this point that the commission had appraised evidence on territorial traffic characteristics as indicating that differences in the consists of traffic in the respective territories were "not so substantial or of such character as to warrant the present differences in rates."

These findings as to cost and consists of traffic, as Justice Douglas put it, were "vigorously challenged, especially by the western roads." He went on to say that the finding as to traffic consists was an "expert judgment" which the court could not disturb "without invading the province reserved for the expert administrative body." As to costs, he said that the commission's finding that there is "little significant difference" between Southern and Official costs "has support in the facts—once the integrity of the cost study is assumed."

The question became "a closer one" when Justice Douglas turned to the West, for "the costs in the West on the average run higher than those in the East." He described the presentation of western roads as one which "vigorously" challenged the commission's finding but directed its main argument to the point that "some disparity" in rates between East and West is justified by differing territorial costs. "No particular effort is made to prove that those costs are a fair measure of the existing rate differences," Mr. Douglas added.

He then proceeded from the premise that "on a subject of transportation economics, such as this one, the commission's judgment is entitled to great weight."

The cost studies, he went on, are "only guides to judgment"; their weight and significance "require expert appraisal"; and the commission "has concluded that while cost studies are highly relevant to these rate problems they are not conclusive."

With further reference to the finding as to the West, Justice Douglas found quite relevant here the fact that class rates have "to a great extent" fallen into disuse. "So far as present freight movement is concerned," the justice observed, "the orders affect a much smaller fraction of the traffic in the West than in the East." He also asserted that

the existing rate structure "singles out the class rate traffic in the West for the payment of unsually high rates," and that class rate traffic "is largely that of small shippers, who do not have the ability to obtain the benefit of the lower exception or commodity rates."

"We cannot, therefore," the opinion continued, "treat this case as if it were one where the commission, in spite of a showing of some increased cost in the West, reduced all freight rates to a level of equality with the East. It is a case of determining whether the discrimination against one small class of traffic is warranted by the showing of some increased cost in the West. The earning power of the carriers, their freight operating ratios, their rates of return, the estimate of the volume of traffic in the future, the nature and amount of traffic presently involved in the class rate movement are all relevant to the finding of unlawful discrimination. We cannot say that these considerations do not counterbalance or outweigh the disparity in cost between East and West. The appraisal of these numerous factors is for transportation experts. They may err. But the error, if any, is not of the egregious type which is within our reach on judicial review.

"As we have noted, *Interstate Commerce Commission v. Diffenbaugh,* 222 U. S. 42, 46, held that the act, in its condemnation of discrimination, 'does not attempt to equalize fortune, opportunities or abilities.' But the commission made no such effort here. It eliminated inequalities in class rates because it concluded that the differences in them were not warranted by territorial conditions. We think that the findings supporting that conclusion are based on adequate evidence."

The "Confiscation" Issue

The western roads also challenged as "confiscatory" the reduction of their l.c.l. rates which were shown by the cost studies to be producing a substantially higher deficit than that shown for l.c.l. business in the East. Justice Douglas first classified this l.c.l. phase among "minor collateral readjustments" which the commission was "warranted in making" in order not to create "new disciminations," once it concluded that unlawful discrimination existed in the "main features" of the rate structure. He conceded, however, that this did not answer the argument on confiscation.

On that point, he proceeded to consider the available evidence. It noted that the l.c.l. cost studies were based on 1939 figures when the average load in the West amounted to only 4.3 tons per car. "Since 1939," it added, "there has been a substantial increase in the average loading of such shipments. . . . In the judgment of the commission it was not shown that loadings in the immediate postwar period were likely to decline to 1939 levels. Moreover, the cost data on less-than-carload traffic related to such traffic as a whole and not solely that moving on class rates. . . . The class-rate traffic bears the highest rates. . . . The past failure of this traffic as a whole to carry its proper share of costs may well have been due in large measure to the maintenance of exception and commodity rates."

Justice Douglas conceded that the present commission findings do not provide "the standard in terms of service for measuring the compensatory character of the less-than-carload class rates," but added that the commission "is not finished with this problem." He had in mind the fact that the commission had admonished the carriers to give "careful consideration" to their l.c.l. rates with a view to making readjustments "as promptly as possible, which will insure that the rates on such traffic are on a compensatory level." He then observed that the "justification" the commission had for leaving the l.c.l. problem as it did at this stage of the proceedings was "apparent."

Not Carriers' Choice

The next contention rejected by the court was one holding that, where the commission makes an order under section 3(1) to remove an unlawful discrimination, the carriers must be afforded the opportunity to abate the discrimination by raising one rate, lowering the other, or altering both. The court's past ruling to that effect, Justice Douglas said, "was qualified by the statement that the commission need not follow that course in case it acts under section 15(1)." That section provides that when the commission finds that a rate is "unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial," the commission may determine and prescribe "what will be the just and reasonable" rate. Justice Douglas, therefore, proceeded with citations to assert that "a proper finding of unlawful discrimination under section 3(1) thus enables the commission not only to direct the carriers to eliminate the practice but also, pursuant to section 15, to prescribe the alternative."

As to the argument that the commission should not have required the class-rate adjustment without bringing about some equalization of exception and commodity rates under which the bulk of the traffic is moved, the court found "no reason in law why the commission need tackle all evils in the rate structure or none." It added that the commission "may take one step at a time"; and that the reasons justifying the interim adjustment "likewise support the action of the commission in commencing with class rates when it tackled the problem of territorial discriminations."

Official Territory Increase

When it turned next to the 10 per cent increase in Official territory, the court found a "different problem" presented. On that point the appellants argued that the commission order was unsupported by necessary findings to the effect that the Official-territory rates were unreasonably low in violation of section 1. The court resolved the problem by emphasizing the "rate-relationships" nature of the case, which did not present a "revenue problem." It went on to hold that the commission may remove a discrimination effected by rates "even when they are within the zone of reasonableness, if the discrimination is forbidden by section 3(1)." It added, however, that the commission's power in that respect "is not unlimited"; there are "standards which control its exercise." That the commission "acted within permissible limits here" was then decided by the court. In doing so it made this comment:

"We may assume, however, that if the rates of return of the eastern carriers were substantially above that for the South and the West, an increase of the rates for the former would not be permissible, even in order to remove a discrimination. But, as we have seen, the rate of return in recent years has favored the southern and western carriers, as have the freight operating ratios. The commission took those factors, as well as the others we have reviewed, into consideration in determining that an increase in rates in Official territory was warranted."

Ex Parte 162 Irrelevant

Finally, the court dealt with the contention that the Ex Parte 162 increase "has rendered the interim orders with which we are here concerned obsolete and unenforceable." The court rejected the contention, saying that the present proceeding "is not a case where by reason of changed conditions the record is stale."

Frankfurter's Dissent

Dissenter Frankfurter first compared the decision to that wherein the court recently struck down the commission's order in the so-called Ex-Barge Grain case (see *Railway Age* of April 5, page 706), which involved "much narrower" issues. The dissenting justice recalled that the court there deemed the com-

mission findings inadequate because they were based on "unsifted averages," and he proceeded to cite a number of other cases wherein the court has set aside commission orders because of the regulatory body's failure "to ascertain and formulate with clarity and definiteness the transportation and economic circumstances which alone could justify the order."

Thus Justice Frankfurter thought it would not be asking too much in the present case (where the outcome "is bound to cut deeply into economic relations" on a broad scale) to ask the commission "to be explicit and definite in its findings on the elements that are indispensable to the validity of its order." He found the court "without informing findings" on the basic issues. "Even," he said, "if one were to consider the questions of discrimination in isolation, inequality—the essence of discrimination—cannot be dealt with by taking a percentage off one territory and adding it to another. The Procrustean bed is not a symbol of equality. It is no less inequality to have equality among unequals. The findings do not reveal how it happened that putting 10 per cent on and taking 10 per cent off respectively will beget just the right adjustment."

Mr. Frankfurter also asserted that one could hardly read the concurring and dissenting views with the commission's report "without being left with uncertainty regarding the basis of the commission's order." And if there is any "explicit" finding that Official-territory rates are unreasonable, "it must be sought for as would a needle in a haystack."

"Administrative experts," he said in closing, "no doubt have antennae not possessed by courts charged with reviewing their action. And so it may well be that the experts feel the justifiable correction of an imbalance between Official territory rates and the rates of other territories is a shift of 10 per cent in the respective rates. . . . But courts, charged as they are with the review of the action of the commission, ought not to be asked to sustain such a mathematical coincidence as a matter of unillumined faith in the conclusion of experts."

Jackson's Dissent

Dissenter Jackson (to whose views Mr. Frankfurter also subscribed) found it "impossible" to agree with the majority's "extraordinary decision." His main protest was against the upholding of the increase in Official territory, and he confined his comment to that phase. He pointed out that the increase was not sought by the eastern roads, and he called it "a surtax . . . added solely to increase shipping costs in the northeastern part of the United States for the purpose of handicapping its economy and in order to make transportation cost as much there as it does in areas where there is less traffic to divide the cost."

The majority's action, he said, was based on a "new theory" of discrimination. As Mr. Jackson read it, the government's brief "frankly advocates this new concept of discrimination as necessary to some redistribution of population in relation to resources that will reshape the nation's social, economic and perhaps its political life more nearly to its heart's desire." And the majority's "entire discussion of the discrimination feature of this case is an acceptance of the government's position without which the last support for this order would fail."

Mr. Jackson proceeded to assert that "perhaps the most incomprehensible of the court's grounds" for sustaining the commission order was its finding that the case was not a revenue proceeding. "Can the label affixed to a proceeding make legal what under another label would be invalid?" Mr. Jackson asked. "Whether we call the case a 'revenue case' or something else, and whether we decline to denominate the problem a 'revenue problem' and style it something else, the *order* under review is a *revenue order* and nothing else," he noted. "It adds 10 per cent to the revenues of the northeastern roads from traffic moving under the rates in question; it knocks 10 per cent off from the Southern and Western traffic under them."

Big Task Confronts Supply Officers

(*Continued from page 1075*)

Our program embraces several addresses by outstanding railroad executives and officers. Our division is proud that such men are to participate in our meeting and is gratified that they will convey the inspiration which will help us play our assigned roles better—to insure a nationwide railroad performance in the future fully equal to the carriers' superlative wartime accomplishments.

Both the wartime and postwar accomplishments of the railroads quite properly produce within us a reserved though, nevertheless, distinct note of pride, but, at the same time, we are duly sobered by and cognizant of the further responsibility resting on our shoulders to supply an equivalent caliber of railroad service continuously in the future. Concurrently, we are aware that there is in the national business life and, indeed, the public generally, the compelling viewpoint that: "The preservation and progress of our railroads are of vital concern to the daily well-being of our country and to each of its citizens."

The 21st annual meeting of the Purchases & Stores Division of the Association of American Railroads will be held from June 23 to June 25, inclusive, at the Convention Hall, Atlantic City, N. J. Prior to consideration of its own business, the division will convene in a joint opening session with the Mechanical Division and the Railway Supply Manufacturers' Association, at 10 a.m. June 23. Features of this joint session, which will be called to order by Norman C. Naylor, president of the supply association, will include addresses by Joseph Altman, mayor of Atlantic City, and William T. Faricy, president of the A. A. R. Members of the Purchases & Stores Division will then take up the following program, with subsequent morning sessions beginning at 9:30 a.m., in Room A of the Convention Hall.

How the Other Fellow "Gets His Man"

(*Continued from page 1076*)

followed later by a board of seven commissioned officers and two sergeants. The application form presented requires about two and one-half hours to fill out. A half-hour interview was then conducted with each student willing to fill out the form. Army procedure requires that this be followed with faculty recommendations on a two-page form for each student. For use in filling out this form, the Army issues a 16-page instruction booklet.

"Writing to a college is frequently helpful," Dean Crew points out, "but there is little doubt that the companies which have qualified representatives actually visit the campuses generally are obtaining more of the men with the individual qualifications they want, than are those who rely on a letter to do the job for them."

Typical Pullman Porter Retires.—Jacob Wolf, Pullman porter whose photograph was exhibited at the Carnegie Institute and the Chicago Historical Society as "representative of the best we think of in Pullman porters—reliable, courteous and obliging," retired recently after 34 years of service. "Jake," now 70, was the porter in Pullman's exhibit at the Chicago "Century of Progress," and more recently has served as demonstrator of sleeping car accommodations at the Pullman Travel Bureau in Chicago.

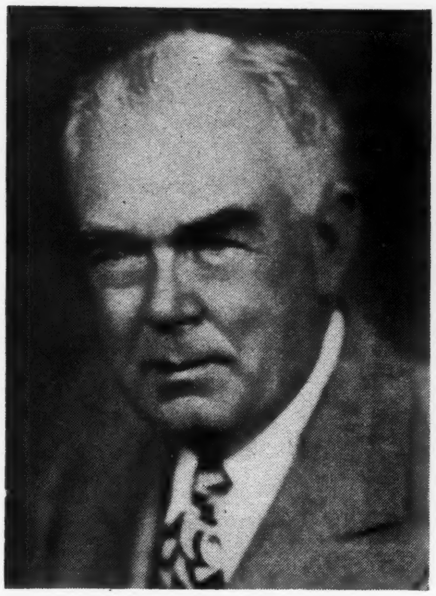
John M. Budd New President of the C. & E. I.

John M. Budd

JOHN M. BUDD, assistant general manager, lines East, of the Great Northern, has been elected president of the Chicago & Eastern Illinois and will take over his new office June 1, upon the retirement of Holly Stover.

Mr. Stover was born March 12, 1883, at Beckley, W. Va., and entered railroad service, at the age of 14, as a telegrapher for the Chesapeake & Ohio. He left the railroad in 1906 to enter the coal business, rising to the head of the Stover Smokeless Coal Company and Holly Stover, Inc., and to directorates with the Gulf Mining Company and the Sterling Smokeless Coal Company. Mr. Stover became a director of the Gulf, Mobile & Ohio, which was formed by a consolidation of the Gulf, Mobile & Northern and the Mobile & Ohio, on September 13, 1940. With the onset of World War II, he became executive representative and associate director of the Office of Defense Transportation, at Washington, D. C., and, while holding that position, was elected vice-president of the Gulf, Mobile & Ohio. On January 1, 1943, Mr. Stover was appointed federal manager of the Toledo, Peoria & Western, holding that position until October 1, 1944, when he was elected president of the C. & E. I.

Under the stewardship of Mr. Stover, operating efficiency of the C. & E. I. was improved by the installation of centralized traffic control over 122 mi. of the main line, from Clinton, Ind., to Evansville, and the substitution of color-light signals for automatic semaphores. Forty miles of double-track line in Southern Illinois were single-tracked, commensurate with operating requirements. Modern coaling facilities and improved shop practices have improved efficiency further. Two new Diesel-powered streamlined trains were purchased and placed in service during 1946—the "Whippoorwill" making a daily round-trip between Evansville and Chicago, and the "Meadowlark," between Cypress, Ill., and Chicago. The latter is exceptional among trains of its class in that it reaches no large population centers on its 345-mi. journey southward from Chicago—the largest stops, except for suburban Chicago Heights, being Mt. Vernon, Ill., and West Frankfort, with populations of 14,724 and 12,383, respectively. Both trains have proved profitable.



Holly Stover

Following the railroad strike in May, 1946, Mr. Stover addressed a memorandum to the presidents of A.A.R. member roads in which he stressed the need for better public relations and more constructive advertising (see *Railway Age,* June 22, 1946, page 1221). He wrote, "If we can give the public a broader conception of the service performed by the American railroads, and an insight into their operating problems, we may reasonably expect more intelligent support from the public on those problems which threaten the railroads' survival."

Mr. Stover becomes chairman of the board upon retirement from his executive position.

The New President

John M. Budd was born at Des Moines, Iowa, November 2, 1907, and is the son of Ralph Budd, president of the Chicago, Burlington & Quincy. During the summers of 1926 and 1927, while attending Yale University, John Budd worked as a chainman with engineering parties on the Cascade tunnel and Chumstick line changes on the Great Northern. Upon graduation from Yale in 1930, he accompanied his father on a 73-day inspection of the Russian railways, traveling over 16,000 mi. of line. He completed post-graduate work in as assistant to the electrical engineer. He completed post-graduate work in transportation at Yale University in 1933, after which he became assistant trainmaster at Willmar, Minn., and subsequently held positions in the same capacity at Sioux City, Iowa, Wenatchee, Wash., and Spokane, until 1940, when he was promoted to superintendent at Klamath Falls, Ore. In 1942 he was appointed superintendent at Whitefish, Mont.

In November, 1942, Mr. Budd entered the U. S. Army as a major in the Military Railway Service at Fort Snelling, Minn., serving subsequently in Algeria, Italy, France and Germany, until his discharge as lieutenant-colonel in 1945. On November 1 of that year he returned to the Great Northern as assistant general manager, lines East, with headquarters at Williston, N. D., which position he held at the time of this election to the presidency of the C. & E. I. When Mr. Budd assumes his new post June 1, 1947, he will be the youngest president of any Class I railroad.

The C. & E. I. operates 910 mi. of line in the states of Illinois, Indiana and Missouri. Its main lines extend south from Chicago in the form of a three-pronged fork, touching St. Louis, Mo., Chaffee and Evansville, Ind. Numerous branches from the main lines include extensions to Joppa, Ill., Mt. Vernon, Ind., and Brazil. During 1946 products of mines accounted for 46.8 per cent (bituminous coal 34.9 per cent) of total revenue tonnage; manufactured goods and miscellaneous for 33.4 per cent. Passenger-train revenue accounted for approximately 25 per cent of total operating revenues. Earnings have been ample to meet fixed charges since reorganization of the C. & E. I. in 1941, except during the past year when operating expenses rose in the face of declining passenger revenues, the brief railroad strike, the prolonged coal strike, and labor troubles in other industries.

Buford Succeeds Scandrett as Milwaukee President

Charles H. Buford

Henry A. Scandrett

CHARLES H. BUFORD, whose election on May 13 as president of the Chicago, Milwaukee, St. Paul & Pacific, succeeding Henry A. Scandrett, was announced briefly in last week's *Railway Age,* assumes his new position following 40 years of railroad experience, the majority of which he spent with the Milwaukee. Mr. Buford's election came only slightly more than a year after his advancement to executive vice-president in March, 1946. Immediately previous to that, he served for over six years as vice-president in charge of operations and maintenance of the Association of American Railroads. During the railroad strike of May, 1946, Mr. Buford served as federal manager of all the railroads seized by the government, as an appointee of Director J. Monroe Johnson of the Office of Defense Transportation.

Operating 10,733 mi. of line in 12 states, the Milwaukee ranks fourth among railroads within the United States in point of road mileage. Its lines serve the Northwest and extend from Chicago, Milwaukee, Wis., and other eastern termini to Seattle, Wash., and Tacoma on the Pacific coast. Secondary main lines extend to Duluth, Minn.; Kansas City, Mo.; Omaha, Neb., and other points. The Milwaukee operates 661 mi. of electrified lines, being second only to the Pennsylvania in this respect.

Mr. Scandrett's retirement terminates 19 years as head of the road. He came to the presidency from the Union Pacific, on January 11, 1928, directly following the Milwaukee's discharge from receivership. He assumed direction of the road under a reorganization plan characterized by little change in gross amount of capitalization and funded debt, which, coupled several years later with a world-wide depression, led to a new receivership in December, 1935. Mr. Scandrett then became trustee of the property, and he was elected president of the newly reorganized company on December 3, 1945. Under this second reorganization the total capitalization of the road was reduced from $708,106,211 to $538,139,328 and fixed interest charges from $13,300,000 to $3,500,000.

The retiring president's administration has been featured by a steady program of improvements, which, in large measure, enabled the Milwaukee to meet its wartime traffic burden as one of the nation's seven transcontinental routes. During each of the last three war years the road handled over 18,000,000,000 ton-miles of freight, or double the 1939 figure.

Following the war, improvements were accelerated to include a $19,076,468 spending program in 1946 and a budget of $48,900,000 in 1947. Of the latter figure, $31,495,500 has been allocated for new equipment, $6,390,367 for rail, track fastenings and ballast, and $2,505,161 for replacing, renewing and strengthening bridges. Shop facilities will be modernized and improved at Milwaukee; additional centralized traffic control will be installed, and yard and industrial trackage, new freighthouses and warehouses will be provided at various points on the road.

The 1947 equipment program includes the construction, in company shops, of 3,419 freight cars and 125 units of passenger-train equipment. Orders have been placed for nine Diesel-electric locomotives, including four 2,000-hp. passenger and five 1,000-hp. switching units. Two 1,000-hp. Diesel-electric rail-motor cars also have been ordered.

The Milwaukee received five 6,000-hp. Diesel-electric locomotives recently for use on its "Olympian Hiawathas," which will go into daily operation on a 45-hr. schedule on June 29, between Chicago and Seattle-Tacoma. Sixty passenger cars for the new train are nearing completion at the road's shops, and an order for 12 sleeping cars has been placed with the Pullman-Standard Car Manufacturing Company for the "Olympian Hiawathas."

Business prospects for the railroad during 1947 appear considerably better than operations in 1946, according to the company's latest annual report. Total operating revenues increased 11 per cent during the first four months of 1947. Freight revenues have shown an increase of 24.5 per cent over last year's figure.

Mr. Buford's Career

The experience which Mr. Buford gained during his long career as an operating officer on the Milwaukee and as wartime vice-president of the A.A.R., has fitted him well for his new post. Of the phases of this experience, probably none is more important than his acquisition of a national viewpoint on railroading. It was in 1939 that he became associated with the A.A.R., just in time to meet problems arising from the entry of the nation into its defense program, which called upon the railroads to handle a tremendous jump in traffic with almost no increase in equipment.

Among the wartime jobs under Mr. Buford's leadership were the staffing of a military transportation section of the A.A.R. to assist the armed forces' movement of troops and material; setting up a tight control of port-bound traffic in coordination with the Office of De-

fense Transportation; the appointment by the A.A.R. of a port traffic manager; negotiations with the armed forces and the Reconstruction Finance Corporation in the provision of special troop-carrying and troop kitchen cars for wartime use; and the establishment of administrative channels for the operation of special movements for the armed forces. Outstanding among the accomplishments of the military transportation section under Mr. Buford's jurisdiction was the diversion and reconsignment of thousands of port-bound cars following the announcements of V-E and V-J days. The end of the war, too, imposed upon Mr. Buford the difficult task of steering a diplomatic course through the problems brought about by the shortage of freight cars.

A Milwaukee Man

Mr. Buford was born at Newport, Ark., February 5, 1886. He was graduated in civil engineering from the University of Arkansas in 1907, and immediately entered railway service as an instrumentman in the engineering department of the Milwaukee. In 1908, he was appointed a draftsman in the bridge department in the general offices at Chicago, and in 1910 he went with the Atchison, Topeka & Santa Fe as a designing and estimating engineer in the office of the chief engineer at Chicago. He returned to the Milwaukee in 1913 as assistant engineer on the Chicago track elevation work, and was subsequently promoted to engineer of track elevation at Chicago. In April, 1917, he was advanced to trainmaster of the Sioux City and Dakota division, with headquarters at Sioux City, Iowa, and in February, 1918, he was transferred to the LaCrosse division with headquarters at Milwaukee.

Mr. Buford was advanced to superintendent of the Wisconsin Valley division, with headquarters at Wausau, Wis., in July, 1918, and the following November was transferred to the Superior division, with headquarters at Green Bay, Wis. In August, 1919, he was transferred to the Sioux City and Dakota division, at Sioux City, and in November, 1921, he was transferred to the Terre Haute division, with headquarters at Terre Haute, Ind. He was promoted to general superintendent, Southern district, with headquarters at Chicago, in October, 1924, and on November 15, 1925, he was further advanced to assistant general manager of the Eastern lines, with the same headquarters. Mr. Buford was promoted to general manager of the Milwaukee's Western lines, with headquarters at Seattle, on November 1, 1927, and served in that capacity until October 1, 1939, when he was elected vice-president in charge of operations and maintenance of the A.A.R., with headquarters in Washington, D. C.

Mr. Scandrett's Career

Mr. Scandrett was born on April 8, 1876, at Faribault, Minn., and received his education at Shattuck Military School, at Faribault, and the University of Minnesota. He was graduated from the latter in 1898, and completed his law work there in 1900. The following year Mr. Scandrett joined the Union Pacific as a claim adjuster, and subsequently he became assistant attorney for Kansas and Missouri. He was appointed assistant interstate commerce attorney for the U. P. and the Southern Pacific in 1911, and was advanced to interstate commerce attorney for both roads in 1912. Beginning in 1913 he held a similar position for the U. P. system, and in 1918 was appointed also assistant director of traffic. In July of that year he became associated with the United States Railroad Administration as traffic assistant of the central western region. Mr. Scandrett was appointed valuation counsel and commerce counsel for the U. P. system in 1919 and was elected vice-president in 1925, which position he held until he joined the Milwaukee as president.

I. C. C. Approves Control of F. E. C.

(Continued from page 1072)

the old company's first and refunding mortgage bonds. Any other cash in the debtor's treasury at the time of consummation of the plan which the court finds not necessary to carry it out likewise is to be distributed to the same creditors.

The plan further provides that the old company's first mortgage bondholders shall be paid in full in cash, and that the holders of first and refunding mortgage bonds shall receive, for each $1,000 bond and accrued interest: $91.67 in cash; $300 of new A.C.L. divisional first mortgage 2½ per cent bonds; $175 of new A.C.L. divisional 4¼ per cent income bonds; $200 of new A.C.L. 4 per cent preferred stock; and $133 of present A.C.L. common (stated value $100 per share). No provision is made for the participation in the plan of unsecured creditors or stockholders of the old company, "since the claim of the debtor's first and refunding mortgage bondholders is not satisfied in full," but the plan does provide for distribution among unsecured creditors of any assets which the court, differing with the commission, may hold to be not subject to the liens.

The plan further provides that three reorganization managers, to be appointed by the court, shall execute the plan, and that, within specified limits, they shall fix the effective date of the reorganization. Provisions are included for the protection of affected employees.

Prolonged Litigation Foreseen

In his dissenting opinion, Commissioner Mahaffie predicted that the result of the majority decision is likely to be "prolonged litigation." It has a "fatal legal defect," he contended. It proposes to settle claims totaling over $83 million with cash and securities amounting to $40.5 million on the basis of par for the latter, though "the value of these securities is substantially less than this par amount." As a "stranger seeking to acquire," the Coast Line, in his opinion, should not have priority superior to that of a junior creditor or stockholder, and "perhaps it should rank lower." Since the junior creditors' claims are not fully satisfied by the plan, he said, the Coast Line, if it is to acquire the property, should be required to compete for it at a public sale where other parties, including the bondholders of the debtor, have a chance to bid.

Aside from this objection, said the dissenting commissioner, the plan as approved is, in his opinion, "wrong on the merits." The great preponderance of the testimony as to what control of the F.E.C. would be best in the public interest was, he said, not in favor of the Coast Line. He would, in general, accept the recommendations of Examiner Jewell's proposed report.

COMMUNICATION . . .

High Train Speeds and Track Construction

Pittsburgh, Pa.

To the Editor:

Since too many train derailments are occurring at high speeds today it might be advisable for railroad maintenance of way engineers to investigate the present relationship between the increased speeds of modern passenger trains and the interrupted uniform elastic deflection (elastic wave) passing through standard rails and joints, caused by the aggravating effect of dynamic loads producing excessive track disturbances. In other words, can the disturbing effect of the high speeds of Diesel-drawn trains on existing track construction be remedied by adopting a much higher rail section, changing its chemical specifications, and abandoning the present system of cross-tie-supported rail?

Albert W. Heinle,
Consulting Engineer

Section of the Pennsylvania's Broad street, Philadelphia (Pa.) reservation and information bureau showing how the Kardex visible system is used for expediting customer inquiries

Installation of Remington-Rand Kardex visible file cabinets at Pennsylvania information and reservation bureau has standardized methods and eliminated cumbersome sheets

Speeding Customers' Calls

Vital information regarding space, train schedules, fares and other passenger matters is arranged compactly in the Kardex cabinets to permit the rapid handling of customers' calls

THE tremendous increase in travel during the past five years has, in numerous cases, created a serious bottleneck in railway information and reservation offices. To overcome this situation at its Philadelphia bureau, the Pennsylvania has installed a "Kardex visible record system" which has resulted in the elimination of many cumbersome sheets and books. The new system consists primarily of Kardex visible cabinets, which contain all the necessary information regarding train schedules, fares and other current information. The cabinets are compact and, as they are set on desks, the clerks can easily reach any drawer in them without leaving their seats.

Prior to the installation of the visible system, each information clerk worked with an 8½-in. by 11-in. ring book containing rates, tariffs and a complete set of timetables for all roads. Each employee arranged the data in a manner to suit his particular taste, making it difficult for another clerk to handle calls at his station.

Under the new system each information clerk is supplied a Kardex visible cabinet, which contains all information previously shown in the rate book. Standard 12-in. by 8-in. rate sheets are cut in half, creating two 8-in. by 6-in. cards, which are filed in facing Kardex pockets. As a result, the clerks can furnish quickly such information as space available; coach fares one-way and round-trip; first-class fare one-way and round-trip; and lower berth rates. In addition, information regarding military posts and camps has been inserted in the Kardex files to expedite furnishing information to army and navy personnel.

Individual cards for all "on line" destinations are listed in alphabetical order and show across the cards the amount of fare for each class of travel. In the case of "off-line" destinations, they are set up by states and by important towns arranged alphabetically under each state. Separate Kardex trays are used to list rates to all destinations which are used frequently.

GENERAL NEWS

Railroads Oppose Punitive Per Diem

Kendall says $2 rate would not promote efficiency in use of available cars

Testimony by W. C. Kendall, chairman of the Car Service Division of the Association of American Railroads, and V. C. Clinger, director of the Interstate Commerce Commission's Bureau of Service, marked the opening in Washington, D. C., this week of an investigation by the commission to determine whether a $2 per diem rental charge for freight cars, other than refrigerator and tank cars, would promote greater efficiency in the use of equipment during car shortage periods. Examiners Witters and Smith are conducting the hearing.

According to Mr. Kendall, the imposition of an arbitrary punitive addition to the per diem rate would not promote greater efficiency in the use of the existing car supply, nor would it tend to increase the supply. Asserting that such a move would result in "great inequity and injustice," Mr. Kendall said that the railroads are already operating under "powerful and controlling" inducements to make the most efficient use they can of the cars available to them.

Pressure Already Applied — "These inducements inhere in a car shortage by the nature of things," he remarked. "Under conditions of shortage there arises upon all sides, in all sections of the country, and among all industries, unsatisfied needs and insistent demands for rail transportation. The railroads are not indifferent to the needs and demands of their patrons, or the possibility of permanent loss of traffic to competing modes of transportation, or to their own pressing revenue requirements. Therefore, under conditions of car shortage, all of the ordinary inducements to efficient utilization of the car supply are not only operative but greatly intensified. Hence penalties, even if they could be so applied as to operate as a spur to efficiency—and I do not think they could —would be superfluous."

"Obviously," Mr. Kendall continued, "imposition of penalty per diem would, without any relation to delinquent handling, unjustly magnify the already heavy burden imposed upon eastern roads by the requirement of the long empty haul to western gateways without having enjoyed a corresponding loaded movement. This is but one illustration of the inequity inherent in the proposed penalty per diem. . . . Numerous 'give and take' arrangements between different sections of the country have been made by the carriers on their own initiative or through the offices of the Car Service Division for the exchange of various types of equipment to meet emergencies as they arise or other car supply problems. Clearly, penalty per diem would discourage such voluntary arrangements and thus work against the most efficient utilization of the car supply."

Hard on Short Lines—Mr. Kendall observed that there are "literally hundreds" of short lines which depend on their trunk line connections for freight cars of all types. "This is a form of cooperation which is alike helpful for the trunk line and the short line," he said, "and there would appear to be no basis in reason for penalizing the short lines in respect thereto."

The C. S. D. chairman asserted that allegations of delays in car movement, as reported by agents of the commission, fall "far short . . . of establishing inefficiency or delinquency in car handling." Cars may be delayed because they cannot be moved," he added, "or they may be delayed in the interest of overall efficiency. . . . The question is not so much whether a given car has been held stationary as it is whether its prompter movement would have been possible without greater aggregate loss in the utilization of cars.

"I do not seek to indicate that there may not be instances of delay. Perfection in the handling of over two million cars is hardly to be looked for—nor can it be attained through any system of penalties. What I do mean to say is that mere spot checks of car delays do not establish inefficiency in car handling. Usually reports of delays as compiled by car service agents cover a period of several days and they may find 10 to 15 cars in a yard which have been delayed. During this period, there may have been thousands of cars handled through this year indicating an insignificant percentage of delays as compared to total cars handled. . . .

Would Be Inefficient—"In my judgment, the proposed imposition of penalty per diem, if in fact it should operate contrary to my belief to stimulate car movement—and I do not think it would—would tend to produce results the opposite of efficiency in operation. There would result an increase in the percentage of empty to total car miles; unnecessary car movements; an increased number of cars handled through yards; and an inevitable and burdensome increase in accounting expense. . . . On the theory that the application of a penalty would force railroads to move cars more promptly through quicker dispatch from the point where made empty, such applications might easily result in the movement of equipment contrary to the best interest of car supply."

"It was not the per diem factor that prompted the railroads in 1923 to launch

(*Continued on page 1089*)

Jones Challenges Young's Testimony

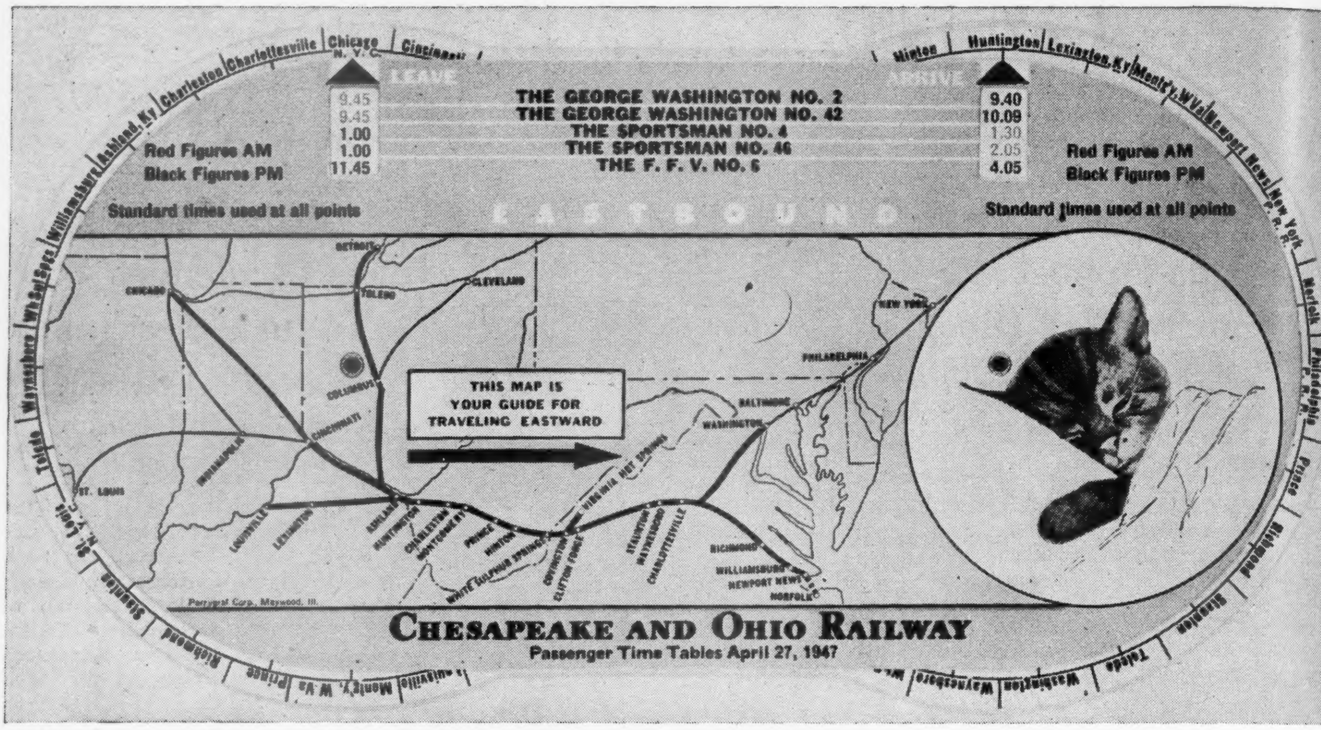
Former R.F.C. chairman says Senate committee heard "false statements"

Jesse H. Jones, former chairman of the Reconstruction Finance Corporation, this week labeled as "false statements" the testimony given May 5 by Robert R. Young, chairman of the Chesapeake & Ohio and of Alleghany Corporation, at a hearing in the Senate banking and currency committee's investigation of that phase of the Baltimore & Ohio's 1944 debt-redajustment plan which involved the extension until 1965 of an R.F.C. loan in excess of $80 million. As noted in *Railway Age* of May 10, page 954, Mr. Young charged, among other things, that "the handling of this situation by the B. & O. management and the R.F.C. was either dishonest or incompetent."

Mr. Jones, in a statement made public May 18, said that he had read "some of the transcript" of the hearings upon his return to Washington, D. C., from Houston, Tex. "Obviously," he stated, "the committee and public have been imposed upon, since many untruths have been purposely publicized.'

"Nothing Irregular"—"There was, of course, nothing irregular or unnatural about the B. & O. loan," he said. "The witnesses who testified against it were giving opinions and not facts. The R.F.C. made a great many conditional loans, to railroads and others, that required the borrower to rearrange its financial affairs. The B. & O. loan was one of these. The condition in that bond purchase agreement was that the road's other principal creditors concur in a rearrangement and extension of its debts."

"The question naturally arises, what was Mr. Young's purpose?" Mr. Jones asked, after noting that both the Interstate Commerce Commission and a three-judge federal court had approved the B. & O. plan. "Was it really that he wanted to get control of another railroad by questionable methods? If judged by his testimony, his statement that he had no such intention with respect to the B. & O. was meaningless. . . Mr. Young's false statements in his testimony before the . . . committee come with poor grace from a man who controls several large railroad systems and is endeavoring to extend his control to other important roads. His attempt to discredit honorable men before the world, their families and their friends is contemptible and deserving of public censure."



New Calculator-Type Public Timetable

Consisting of two pieces of cardboard, 4 in by 7 in., with two cardboard disks sandwiched between and protruding slightly beyond the edges of the outer pieces, this simplified main-line through train timetable was introduced May 16 by the Chesapeake & Ohio. Names of the principal stations served by that road appear in alphabetical order on the perimeter of the disks, and beneath each name corresponding departure or arrival times for that station only appear in a "window" cut in the cover, in line with the trains named on the cover. One side of the timetable shows eastbound trains, the other, westbound. The new timetable was developed from a basic design of Walter S. Jackson, the road's advertising manager.

* * *

Mr. Jones stated that the readjustment plan "saved" the B. & O. from receivership and "saved its security holders many millions of dollars." "It could not have been made effective without assent of 66⅔ per cent of the aggregate amount of the road's funded debt," he continued, "whereas, more than 81 per cent assented, and more than 99 per cent of all claims that voted assented. The plan was definitely in the interest of the road's creditors, which included life insurance companies, savings banks, fiduciary institutions and private investors, as well as the R.F.C.

R. F. C.'s Profits—"Loans have been authorized by the R.F.C. to 95 railroads, which constitute two-thirds of the entire railroad mileage of the country. The authorizations aggregated $1,708,000,000, of which $655,000,000 was not taken, the roads, with R.F.C. commitments, being able to get the funds from private sources. One billion 52 million dollars was actually disbursed. Of this amount, $902 million has been repaid or the securities sold, leaving a balance outstanding of only $150 million, which is well secured.

"A profit of $11,870,000 was realized from the sale of railroad securities in addition to interest at the rate of 4 per cent, which yielded a further substantial profit to the R.F.C. and helped to make up the $500 million net profit to the government on R.F.C. non-war operations. The $80 million loan to the B. & O. is now secured by bonds having a market value of approximately two for one. Without R.F.C. assistance, many of our large railroad systems would have been forced into receivership, with irreparable loss to their security holders and to the properties."

Russell L. Snodgrass, vice-president for finance of the B. & O., was quoted as describing Mr. Jones' statement as "by the pen and from the heart of a great man." Mr. Snodgrass added that at his first public opportunity he would demonstrate, word by word and line by line, the falsity of Mr. Young's statements. Mr. Young was reported to have said that Mr. Jones' statement cannot change the fact that the R.F.C. forced the B. & O. into "bankruptcy" when it was well able to meet its debts, nor the fact that Mr. Jones' "lieutenants" thereby perpetuated themselves in B. & O. jobs.

Meanwhile, continuation of hearings on the B. & O.-R. F. C. transactions was scheduled for the latter part of this week and May 27 before a seven-man subcommittee of the Senate committee on banking and currency. According to Senator Tobey, Republican of New Hampshire, and chairman of both committees, Mr. Snodgrass and J. D. Goodloe, present chairman of the R. F. C., would again testify. No indication was given as to whether Mr. Jones would appear.

Earlier this week, Senator Tobey asserted that the R. F. C. violated the R. F. C. Act by extending the B. & O. loan to 1965 despite a provision of the act which he said limited such extensions to 1955. He also declared that the B. & O. "at one time" will owe the R. F. C. $160 million as the result of the transaction, adding that the R. F. C. Act limits loans to $100 million. In this respect, he said that the R. F. C. plans to commit "technical transgression" of the act by extending the loan.

Senator Tobey's assertions were included in a prepared statement made at an executive session of the full committee. Among other things, he contended that (1) the R. F. C. made the B. & O. loan on the basis of a letter drafted by Mr. Snodgrass and without first investigating the B. & O.'s needs; (2) B. & O. officers have acted "with want of scruple" in the loan extension and have involved the R. F. C. in a proceeding "badly marred by questionable practices"; and (3) the committee's responsibilities are greater than those of the court which approved the B. & O. readjustment plan because of "our peculiar responsibility for R. F. C. and its legislation."

The committee chairman also said that the B. & O. and R. F. C. acted "collusively" in declaring the road "bankrupt" so that the loan could be extended, and that the B. & O. could have paid back "substantial sums" to the R. F. C. had "either party desired to reduce the debt."

C. of N. J. to Undertake Coach and Station Modernization

The Central of New Jersey has engaged Howard Ketchum, Inc., New York design and color engineers, to develop plans for the modernization of all its passenger coach interiors and some of its principal passenger stations, William Wyer, chief executive officer of the road, has announced. Plans already are being drawn for a complete renovation of the West Eighth street station in Bayonne, N. J., Mr. Wyer said, and it is expected that work will begin very shortly.

Among the improvements to be made on the passenger coaches will be the replacing of the present blue plush seat coverings with more modern materials,

Mr. Wyer added. Several coaches will be equipped in line with the various suggestions made for other phases of the modernizing and public reaction to the changes will be sought before final plans are approved.

Burlington Testing Dry Ice for Frozen Food Shipments

Experiments in the transportation of quick frozen foods in freight cars utilizing solidified carbon dioxide (dry ice) as the primary refrigerant were begun recently by the Chicago, Burlington & Quincy in collaboration with the Dry Ice Equipment Corporation. The road's first such shipment—2,075 cases of frozen blackberries—was originated on May 7 at Omaha, Neb., by the Omaha Cold Storage Company and consigned to Pratt's Fresh Frozen Foods Company in New York.

The dry ice is carried in insulated bunkers, and a secondary refrigerant is circulated through coils in the body of the car by the sublimating gas of the dry ice. Temperature inside the car is thermostatically controlled by regulation of the flow of the secondary refrigerant through the coils. The car is initially iced with approximately 5,000 lb. of dry ice to maintain zero temperatures without re-icing in transit.

C. & O. to Get Hotel Space for Its Passengers

The Chesapeake & Ohio has announced it will help to get hotel rooms for its passengers traveling to cities along its line or served by C. & O. through cars. Under the new system, passengers will telephone local ticket agents, tell them the kind of accommodations they want, the rates they want to pay, when they want the rooms and for how long; the road's personnel will attempt to secure the reservations. If requests for hotel space are made several days in advance of the trip, the reservations will be confirmed before the travelers board their trains. If space requests are made shortly before departure time, they will be turned over to passenger representatives who will telegraph ahead for rooms.

Employees' Safety Contest Won by Illinois Central

The Illinois Central has been awarded top honors by the National Safety Council in the 1946 Railroad Employees' National Safety Contest for Class I railroads whose employees worked 50,000,000 or more man-hours. Its total accident rate was 2.18, as compared with an average rate of 9.65 for all roads in this group.

In the 20,000,000 to 50,000,000 man-hours group, the lowest casualty rate was reported by the Michigan Central, with a rate of 6.18, compared with an average of 9.85. The Michigan Central also had the lowest casualty rate in this classification in the two previous years. Other awards went to the Duluth, Missabe & Iron Range; Colorado & Southern; Texas Mexican; New York Connecting; Alton & Southern; and Birmingham Southern. The Atlanta zone of the Pullman Company had the best operating-employee safety record, while its St. Louis shops won the award for that class of employee.

Since the first awards were made by the National Safety Council 20 years ago, the average Class I casualty rate has gone down 45 per cent.

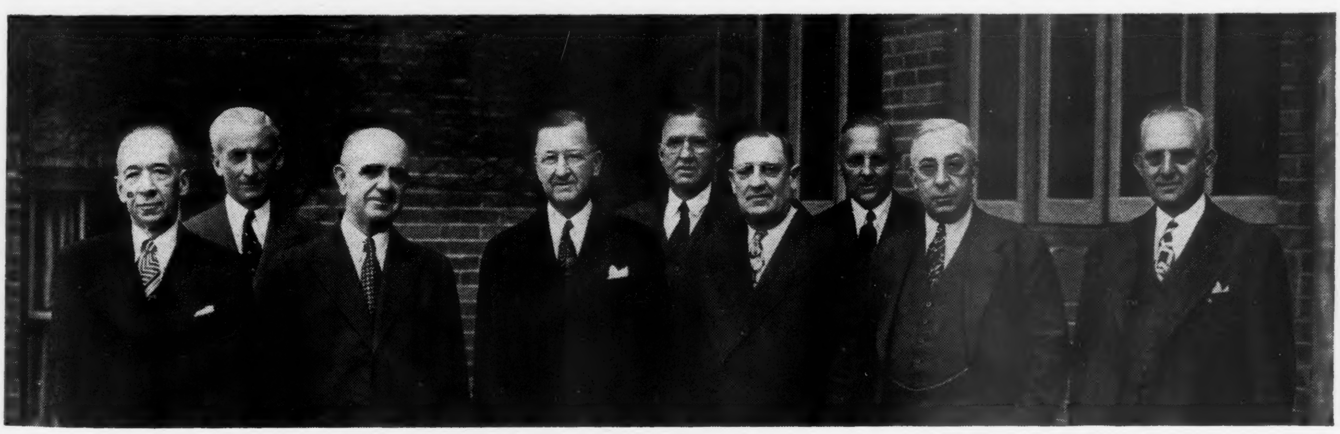
Seaboard "Silver Comet" Serves Atlanta and Birmingham

On May 18 the Seaboard Air Line placed in operation a new overnight streamline passenger train between New York and Birmingham, Ala. Designated the "Silver Comet," the service was inaugurated with a luncheon on May 17, at which Edward G. Budd, Jr., president of the Budd Company, builders of the coaches and diners for the trains, was the host to Col. Henry W. Anderson, chairman, and L. R. Powell, president of the Seaboard, and other railway officers, and with christening ceremonies the next day preceding the departure of the train on its first trip.

As reported in *Railway Age* of May 3, page 903, the "Silver Comet," for which three sets of equipment are required, operates on an 18-hr. 55-min. schedule between New York and Atlanta, Ga. (921 miles), and 23 hrs. between New York and Birmingham (1,087 miles). There are five stops between New York and Washington; twelve between Washington and Atlanta, and two between Atlanta and Birmingham. Departing from New York at 12:45 p. m., the train arrives at Atlanta at 7:40 a. m., and at Birmingham at 10:45 a. m. On the northbound trip the train leaves Birmingham at 2:45 p. m., and Atlanta at 7:55 p. m., and arrives at the Pennsylvania Station, New York, the following afternoon at 2:50 p. m.

The train is staffed by a registered nurse and individual coach attendants. All coach seats are reserved.

In addressing a group of local business men and civic leaders of Birmingham at a luncheon following the completion of



Left to right—W. J. Farrell, executive vice-president, Purchases & Stores Division, A.A.R.; C. C. Bailey, Railway Supply Manufacturers Association; C. H. Murrin, chairman, P. & S. Division; Norman C. Naylor, president, R.S.M.A.; A. H. Skean, convention manager, R.S.M.A. and head of the Atlantic City Convention Bureau; V. R. Hawthorne, executive vice-chairman, Mechanical Division, A.A.R.; A. W. Brown, secretary-treasurer, R.S.M.A.; C. W. Coffin, vice-president, R.S.M.A.; and J. E. Brown, R.S.M.A.

Putting Final Touches on Atlantic City Convention Arrangements

Final details for next month's convention of the Railway Supply Manufacturers Association at Atlantic City, N. J., were perfected last week at a meeting there of officers of the R. S. M. A. and two divisions of Association of American Railroads.

More than $10,000,000 worth of new railroad equipment will be exhibited by more than 230 manufacturers during the exhibit, which will open June 23 and continue until June 28. Locomotive and other train equipment will be shown at a special track display area a mile from Convention Hall, where the meeting will be held, and shuttle bus service has been arranged for.

In a statement issued last week, Norman C. Naylor, president of the association, predicted that more than 7,500 railroad officers and industrialists from every corner of the United States and many overseas points will be in Atlantic City for the convention, which is the first to be held since 1937.

the first trip, Mr. Powell said that because of the slowness of deliveries of the cars the railroad was faced with a choice of postponing the inauguration of the new service indefinitely or setting a date for its inauguration and starting with whatever new equipment was available. The present consist of each of the three trains is five 52-passenger coaches, one 18-passenger combination, and one 48-passenger coach-observation-lounge between New York and Birmingham, and one 52-passenger coach between Portsmouth, Va., and Atlanta. A part of the cars are furnished by the Pennsylvania and the Richmond, Fredericksburg & Potomac.

The dining cars and some of the coaches are new equipment which has been on order for the new service since 1944, and the remainder of the same general type, originally were built for the "Silver Meteor" service, will be released as more of the new coaches are delivered. All are of Budd stainless-steel Shotweld construction. The dining cars are fitted with radio broadcast equipment and public address system, serving all coaches as well. The public address system is used for announcements of stations, points of historical interest, meal service, etc.

At present there are three Pullman sleeping cars operating between New York and Birmingham, one between New York and Atlanta, one between Washington and Atlanta, and one between Portsmouth and Atlanta, on each train. These cars, which are combinations of open sections, bedrooms, compartments, and drawing rooms, will be replaced with lightweight streamline sleeping cars, combining roomettes and double bedrooms in pairs which can be thrown together to form drawing rooms when required, as fast as the cars now on order with Budd, the American Car & Foundry Co., and the Pullman-Standard Car Manufacturing Company, are delivered.

Operating Revenues in April 20 Per Cent Above 1946

From preliminary reports of 85 Class I railroads representing 81.8 per cent of total operating revenues, the Association of American Railroads has estimated that the April gross amounted to $556,339,244, an increase of 20 per cent above the $463,595,146 reported for the same 1946 month. Estimated April freight revenues were $454,566,669, compared with $336,-109,799, an increase of 35.2 per cent, while estimated passenger revenues were $58,-183,482, compared with $86,673,557, a decrease of 32.9 per cent. The estimate for all other revenues was $43,589,093, compared with $40,811,790, an increase of 6.8 per cent.

Equipment on Order

Class I railroads and private car lines had 99,896 new freight cars on order on May 1, as compared with 95,497 on April 1, according to the Association of American Railroads. Of the former total, Class I roads and railroad-owned private controlled refrigerator companies had 93,622 new freight cars on order, compared with 87,080 on April 1 and 39,708 on May 1, 1946.

Cars on order May 1 by these two groups include 30,724 hopper cars, of which 1,745 were covered hoppers; 5,713 gondolas, 1,043 flat, 9,584 refrigerator, 526 stock, 318 miscellaneous freight cars and 45,714 box cars, including 40,934 plain and 4,780 automobile box cars. Of the total number of new freight cars which Class I roads had on order on May 1, 20,353 will be built in railroad shops and 73,269 in outside shops.

The Class I roads also had 662 locomotives on order May 1, compared with 490 on the same day in 1946. The former total included 36 steam, six electric and 620 Diesel-electric locomotives, compared with 74 steam, six electric and 410 Diesel-electrics a year ago.

Class I roads installed 11,348 new freight cars in service in the first four months of 1947, of which 4,099 were installed in April. New freight cars put in service in the first four months of 1946 totaled 11,115. Those installed in the 1947 period included 3,313 hopper cars, of which 516 were covered hoppers; 1,592 gondolas, 567 refrigerator, 454 flat, 24 stock, 100 miscellaneous freight cars and 5,298 box cars, including 3,788 plain and 1,510 automobile box cars.

The Class I roads also put 286 new locomotives in service in the first four months of 1947, of which 40 were steam and 246 were Diesel-electric. New locomotives installed in the same period last year totaled 59, of which 29 were steam and 30 were Diesel-electric.

* * *

Faricy Holds Wage Acceptance Ended 1946 Rail Dispute

William T. Faricy, president of the Association of American Railroads, and chief counsel for the carriers at the time of the 1946 wages and rules case, commenting upon the claim advanced by the operating brotherhoods that the case was not settled but merely suspended, asserted this week that "the railroad strike of 1946 was settled and all procedures leading up to it were brought to an end by the organizations accepting an additional 2½ cents an hour increase in pay 'in lieu of rules changes'."

"The fact that the case was settled completely and absolute, and not merely suspended," Mr. Faricy said, "is clearly shown by paragraph 11 of the agreement of May 25, 1946, between the railroads and the trainmen and engineers. It was specified in that agreement that 'all proposals with respect to changes in rules or working conditions . . . are hereby withdrawn.'

"It is further shown by paragraph 13, which reads that the agreement was 'in settlement of all disputes growing out of the notices served by the parties' and that it 'shall remain in effect until changed or modified in accordance herewith under the provisions of the Railway Labor Act.'

"The clause in paragraph 11 of the agreement, which has been referred to as a moratorium, reads that 'none of the proposals' which were then withdrawn 'shall be resubmitted for a period of at least a year.' The proposals on both sides were dead as of May 25, 1946, when they were withdrawn. The so-called moratorium clause did not operate to keep these proposals alive. It merely limited the right of either party to resubmit them for at least a year and required that when resubmitted they should be handled and progressed as required by the Railway Labor Act. This means service of 30-day notices on the individual railroads, and the other procedures specified in the act. No 'surprise strike' can lawfully be called."

Governor Attends Santa Fe Safety Ceremonies

Recent ceremonies commemorating a three-year safety record of the San Bernardino (Cal.) shops of the Atchison, Topeka & Santa Fe were attended by officers of the road and Governor Earl Warren of California (extreme right). Honoring the San Bernardino shops as the safest within the Santa Fe system for the years 1944 to 1946, inclusive, Governor Warren presented a plaque to F. B. Harmon, shop superintendent. Present were (left to right): W. P. Hartman, mechanical superintendent of the road's Coast Lines; Mr. Harmon; John R. Decker, safety superintendent of the mechanical division; J. M. Nicholson, assistant to the vice-president; E. L. Duggan, system superintendent of safety; E. E. McCarty, general manager of the Coast Lines; and Governor Warren.

Air-Truck Freight Tie-up

A standard cartage contract for pick-up and delivery service of air cargo in areas surrounding airports served by the so-called scheduled domestic air lines has been agreed upon by Air Cargo, Inc., the

ground-service organization of the air carriers, and American Trucking Associations. The agreement was announced by Air Cargo in a statement which also said that preliminary discussions have taken place on the form of a contract for the transportation of air cargo between airport terminals and adjoining localities not served directly by the scheduled air lines.

The statement went on to explain that terms of any agreement in the latter connection would be contingent upon enactment of a bill (H.R. 2109), passed by the House and now before the Senate, which would amend the Civil Aeronautics Act to permit coordinated air-truck freight services without the necessity for establishing joint rates.

Railroads Oppose Punitive Per Diem

(Continued from page 1085)

a program of acquiring equipment in the greatest volume in history for a comparable period," he stated. "Rather, it was the fact that economic conditions appeared to be such that an increase in equipment in great volume was needed to provide for the prospective traffic and, further, the depleted condition of the equipment due to maintenance difficulties during and subsequent to the period of federal control."

Noting that the railroads now have enough freight cars on order to keep car builders and railroad car shops busy until July 1, 1948, Mr. Kendall said that shortages prevalent now did not begin to develop until the war period "at which time the railroads could not obtain cars they wanted to purchase by reason of necessary materials being diverted to other purposes."

Doubts Equity in Application — "I think," Mr. Kendall testified, "that inequity and injustice necessarily inhere in the proposed imposition of penalties through the device of arbitrary increases in the per diem rate because I deem it wholly impracticable to devise and apply any system of per dier penalties which would distinguish between cases of delinquent handling and cases where efficiency is attained. . . . I do not believe it possible to devise a scheme which would relate the penalty to instances deserving such treatment."

"The unequal and inequitable effect of a penalty per diem rate as between various typs of railroads—that is to say, those which are predominantly originating, predominantly receiving or bridge lines—is perfectly evident," he continued. "An artificially distorted per diem rate, imposed for penalty purposes, would immediately affect roads in these various classes in differing degrees and would impose hardship in the matter of unwarranted expense, for which there would be no method of recovery even though the penalized railroad had performed a perfect job in the matter of car handling."

Mr. Kendall declared that penalty demurrage and penalty per diem are in no way analogous. "It is possible and practicable to impose penalty demurrage in relation to undue detention, and to exempt from penalty such detention as is not undue," he said, adding that "any such distinction in the application of penalty per diem is wholly impossible."

Demurrage Not Analogous—"Demurrage is not assessed against a shipper or a receiver until a reasonable period of free time has been given him within which to load or unload the car," Mr. Kendall explained. "He is not charged demurrage on Sundays or holidays. He may even hold a car beyond free time for a certain number of days before any penalty is added to the normal demurrage rate. It is only when the car has been held by the shipper unduly, or the attempt is made to use the car for storage space, that the penalty . . . applies. But per diem is paid by the railroads for every calendar day during which a foreign car is on line, irrespective of conditions which account for its presence there. . . . It is apparent, therefore, that there is no basis for comparison between penalty demurrage and penalty per diem. The first is capable of being so applied as to distinguish between reasonable and undue shipper and consignee detention of cars. The second is wholly incapable of application distinguishing between undue detention or delays in car handling and the most efficient performance which it is possible to attain."

It was contended by Mr. Clinger and agents of the Bureau of Service that railroads should be "placed on the same basis" as shippers with respect to car delay. Mr. Clinger advocated that the carriers should be ordered to pay a demurrage charge of $5.50 per day on cars held beyond the prescribed "free time" in lieu of the present per diem system. He also asserted that the recently approved per diem increase from $1.15 to $1.25 was "not good enough to do any good."

Mr. Clinger testified that freight cars had been delayed from 20 days to three and four months on some roads, and that of 673 service orders issued by the commission since January 20, 1942, 354 required railroads to unload cars. Mr. Clinger stated that if the carriers had exercised their right to unload cars under bill of lading provisions, issuance of unloading service orders would not have been necessary.

The B. of S. director also introduced as evidence an extensive exhibit designed to show "representative delays in movement of foreign freight cars and the holding of foreign freight cars, excluding refrigerator and tank cars" by approximately 65 railroads. The exhibit, which disclosed results of car checks made by bureau agents in April and May, revealed, among other things, the number of cars awaiting movement, held for prospective loading, held loaded with company material and held for light repairs.

4th Quarter Loading Estimates Missed by 1.3 Per Cent

The 13 regional Shippers' Advisory Boards overestimated carloadings for the fourth quarter of 1946 by 1.3 per cent, according to the latest comparison of the forecasts with actual loadings, issued by W. C. Kendall, chairman of the Car Service Division of the Association of American Railroads. The variations by individual boards ranged from an overestimate of 13.1 per cent to an underestimate of 14.3 per cent, while the variations by commodities ranged from an overestimate of 35.1 per cent in the case of chemicals and explosives to an underestimate of 30 per cent in ore and concentrates.

According to Mr. Kendall, estimates exceeded the actual loadings by 3.4 per cent for the 20-year period, 1927 to 1946, inclusive, during which the national forecasts have been prepared.

The report showed that there were overestimates in 18 commodity groups and underestimates in 12. In addition to chemicals and explosives, there were overestimates of 23.8 per cent in potatoes; 23 per cent in agricultural implements and vehicles, other than automobiles; and 17.5 per cent in grain. Among the larger underestimates were 18.9 per cent in lumber and forest products; 17.2 per cent in fertilizers; and 14.2 per cent in live stock. The report also disclosed that forecasts were overestimated in seven board districts and underestimated in six.

COMPARISON NATIONAL FORECAST WITH ACTUAL LOADINGS — FOURTH QUARTER 1946

	Carloadings Fourth Quarter		Percentage of Accuracy	
Board	Estimated	Actual	Over Estimated	Under Estimated
Allegheny ..	1,080,460	1,018,486	5.7	
Atlantic States ...	765,704	759,915	0.8	
Central Western .	346,410	307,855	11.1	
Great Lakes	425,145	432,993		1.8
Mid-West ..	974,139	961,083	1.3	
New England	122,195	121,033	1.0	
Northwest ..	504.505	576,650		14.3
Ohio Valley.	1,047.886	910,241	13.1	
Pacific Coast	353,107	355,041		0.5
Pacific Northwest	253,875	254,762		0.3
Southeast ..	804,149	877,371		9.1
Southwest ..	484,963	499,558		3.0
Trans-Mo-Kansas ..	428,037	415,094	3.0	
Total	7,590,575	7,490,082	1.3	

April Ton-Miles

The volume of freight traffic handled by Class I railroads in April amounted to 52,200,000,000 ton-miles, an increase of 39.5 per cent above the corresponding 1946 month, according to a preliminary estimate by the Association of American Railroads. The A. A. R. noted that the April, 1946, volume was affected by the bituminous coal strike and its influence upon industrial output. At the same time, it reported that this year's April freight traffic was more than double that of the same 1939 month.

The accompanying table summarizes revenue ton-miles for the first four months of 1947 and 1946:

	1947	1946	Per cent Increase
January	53,294,374.000	48,225,789,000	10.5
February	48,485.909.000	45,080,780,000	7.6
March	[a]55,500,000,000	52,392,340,000	6.0
April	[b]52,200,000,000	37,410,884,000	39.5
Total 4 months	209,480,283,000	183,109,793,000	14.4

[a] Revised estimate
[b] Preliminary estimate

Additional General News appears on page 1105.

With the Government Agencies

Reed Calls Per Diem Increase "Piffling"

Criticizes A. A. R. for raising rate by only 10 cents; raps Young views

The recent action of the Association of American Railroads to increase the per diem charge from $1.15 to $1.25 is "so trifling, so insignificant, so incomplete, so far from being an incentive to correct the situation" that the A. A. R. "ought to be ashamed of itself," Senator Reed, Republican of Kansas, declared on the Senate floor May 16 during a lively discussion with Senator Russell, Democrat of Georgia, of the freight car shortage.

The exchange of remarks between Senators Reed and Russell developed following the reading by the former of a statement in which he concluded that at least 10,000 new cars will have to be built monthly for the next two years "before the country is relieved of a definite freight car, especially box car, shortage." "It is my opinion," Senator Reed said, "that the railroads should have not less than 200,000 new freight cars. Not less than 100,000 new box cars should be built. Only when this program reaches a successful conclusion will the country have a reasonably satisfactory railroad car supply."

Reed Can't Understand Young—Senator Reed also emphatically denied an assertion of Senator Russell that, according to Robert R. Young, chairman of the Chesapeake & Ohio and Alleghany Corporation, approval of the so-called Bulwinkle-Reed bill would perpetuate the freight car shortage.

The bill, which Senator Russell said Senator Reed is "espousing so earnestly," would stay the operation of anti-trust laws with respect to carrier rate-making procedures and other joint actions approved by the Interstate Commerce Commission.

Senator Reed said that he could not understand why "any responsible railroad official, particularly the president of a railroad or the chairman of the board, as Mr. Young is, should make such a statement." "There is no possible relation . . . between the so-called Bulwinkle bill and the freight car supply," he said.

With respect to the A. A. R.'s per diem increase, Senator Reed reviewed hearings earlier this year before a subcommittee of the Senate committee on interstate and foreign commerce dealing with the freight car shortage, at which, he said, 12 of the 13 superintendents of transportation of western railroads who appeared advocated that the per diem be raised to at least $1.50 a day, while some railroad officers proposed a $2 rate. "If a railroad not owning enough cars should have to pay $2 a day instead of $1.15 a day, that railroad would have to build more new cars," he said.

Senator Russell, joining in the criticism of the A. A. R., declared that "it is a monstrosity within a democracy to have any such organization" as the A. A. R. "They have more power over the transportation system of this nation than has the Interstate Commerce Commission or the Congress of the United States, or any other branch of the government," he said.

Russell Impressed—"I confess I am impressed by Mr. Young's statement," he continued. "It appeared not to make any impression upon the senator from Kansas. But Mr. Young has somewhat captured my admiration by the forthright declarations which he makes, evidencing a very real desire to see the transportation facilities of this country brought up to the requirements of our modern age. In my judgment, Mr. Young is as refreshing as a spring breeze in the general railroad picture. His attitude is so different from the 'public-be-damned' attitude generally encountered in that area."

Senator Russell added, "I heartily recommend Mr. Young's attitude toward the traveling public and the shipping public. I think he is making a tremendous contribution toward the improvement of the transportation facilities of the nation, in seeing that the railroads discharge their proper function in our society and that they are regulated by the government rather than controlling the government. He may be in the hair of his fellow railroad magnates, but his interest in improving traveling conditions is making a place for him in the hearts of the people."

Replying that while he does not share the views of Senator Russell, Senator Reed said that he has criticized the A. A. R. "whenever it has needed it, which has been more or less frequently." Declaring that he does not believe the A. A. R. a "danger" or "oppressive" to the railroads, Senator Reed said that the A. A. R. was organized for a "necessary function" and does a "reasonably good job." "Whenever I find the association . . . doing such an insignificant thing, so ridiculous so far as the effect of its action upon the problem is concerned, I have never failed to utter my sentiments about that great organization," Senator Reed observed.

Senator Russell replied that he was "merely expressing his delight" at having the opportunity to join Senator Reed in "what I thought was a very valid criticism. . . . I was delighted to have him express himself as he did with respect to the picayune action taken by the Association of American Railroads," he said.

Consider Bills for Adjustment of Debt

Commission and A. A. R. cool to Reed plan affecting roads in trusteeship

Approval of H. R. 2298 (the so-called Mahaffie bill to provide for adjustment of railroad financial structures without recourse to bankruptcy proceedings), introduced by Representative Wolverton, Republican of New Jersey, the chaimran of the House committee on interstate and foreign commerce, was urged by representatives of the Interstate Commerce Commission and the Association of American Railroads at hearings conducted this week by the committee. The bill would amend the Interstate Commerce Act by providing a procedure for those railroads, not in bankruptcy or receivership, which are experiencing temporary difficulty in meeting maturing obligations and charges to modify such obligations upon assent of the holders of 75 per cent of the affected securities, subject to approval by the I. C. C. Such adjustments would not be subject to court proceedings.

Scope of the Measure—On behalf of the commission's legislative committee, Commissioner Mahaffie urged passage of the measure to provide a "simple and inexpensive" method whereby carriers, in cooperation with a substantial majority of their creditors, can effect alterations of their capital structure or debt maturities without being subjected to proceedings under section 77 of the Bankruptcy Act. The bill contains many of the provisions included in the so-called Wheeler-Reed bill, which was vetoed last year by President Truman as not strong enough (see *Railway Age* of August 17, 1946, page 305).

Among other things, Commissioner Mahaffie contended that approval of the measure would increase the stability of railroad securities and result in a "greater confidence therein" by investors.

J. Carter Fort, vice-president and general counsel of the A. A. R., stated that enactment of the bill would "bring about a wholesome and much needed reform in the procedures looking to readjustments," and "would provide a practical, expeditious and inexpensive method for the voluntary readjustment, under governmental supervision, of the bonded indebtedness of railroads. Thus the bill would make it possible to avoid unnecessary judicial railroad reorganizations under section 77 of the Bankruptcy Act. No one, I am sure, will dispute the statement that it is highly desirable in the public interest and in the

interest of railroad security holders that unnecessary bankruptcy proceedings be avoided."

Mr. Fort asserted that "experience has demonstrated that a great deal of time . . . is consumed by a section 77 proceeding," adding that "very large expenses" are incurred in such proceedings. "This is only to be expected in view of the complexity of a Section 77 case and of the many issues and interests involved," he said. "Moreover, a pending or threatened judicial reorganization of a railroad necessarily demoralizes railroad security values and has a bad effect on railroad credit and for that reason should be avoided, when possible."

Temporary Situations—The A. A. R. counsel contended that "many instances of financial embarrassment" on the part of railroad companies occur which do not require drastic financial reorganization such as might justify bankruptcy proceedings. "In some cases, the financial embarrassment is, or should be, temporary in character," he said. "In any event, the situation could often be remedied by the extension of the maturity of bonds, or by a reduction, permanently or for a stated period, of interest rates, or by other modifications or alterations of the railroads' debt obligations."

Declaring that support for the bill is "virtually unanimous," Mr. Fort said that its approval would provide ample safeguards to railroad security holders and the general public and give "complete protection" to all interests involved, particularly in view of the fact that transactions under its provisions would be subject to I. C. C. approval.

In addition to the Wolverton measure, another railroad financial readjustment bill, introduced by Representative Reed, Republican of Illinois, H. R. 3237, has been the subject of hearings before a subcommittee of the House committee on the judiciary. This measure would permit commission approval of debt modification or adjustment plans, under some circumstances, if accepted by 51 per cent or more of the principal amount of each class of affected obligations. The acceptance generally required would be 66⅔ per cent. Railroads undergoing reorganization under section 77 would be subject to this bill's provisions.

This bill was strongly objected to by the commission's legislative committee, which said that "the percentages required are too low and place too large minorities at the mercy of the majorities." "The provision for approval of a plan assented to by less than 100 per cent of obligations affected is intended to prevent small minorities, who buy securities for the express purpose of obtaining preferred treatment, from blocking desirable plans of adjustment in order to get such treatment," it added.

Opposes Reed Bill—Submitting a 39-page statement in which it discussed the measure and suggested numerous modifications, the legislative committee declared that the Reed bill, as written, will not accomplish its purposes and is fundamentally unsound because (1) it discards plans of reorganization carefully worked out over a number of years by creditors of the railroads, approved by the commission and the courts, accepted by more than two-thirds of the total claims found to be entitled to participate in the reorganization, confirmed by the district courts, and now ready for the final steps required to complete reorganization; (2) it suspends and discontinues the proceedings under section 77, leaves the properties in the custody of the courts, removes the trustees, and puts the owners in possession of the properties, regardless of whether under any reasonable test they have any remaining equities; (3) it would impede rather than hasten readjustments, would suspend indefinitely the rights of creditors and would result in a waste of time, effort and money; (4) it would require sacrifices on the part of creditors for the benefit of stockholders without any sacrifice on the part of stockholders, and continue in effect capital structures which cannot survive in a period of decreasing revenues and increasing costs; (5) it would damage rather than restore the credit of the railroads of the country as a whole; and (6) it is unnecessary and unworkable since any inequities resulting from the provisions of section 77 of the Bankruptcy Act can be remedied by a simple amendment of that section.

The Reed bill also brought an objection from Mr. Fort, who observed that, under provisions which he described as "controversial," the measure would apply only to "some six or seven" railroads, including the New York, New Haven & Hartford; Chicago, Rock Island & Pacific; Missouri Pacific (and subsidiaries); St. Louis - Southwestern; Wisconsin Central, Central of New Jersey; and Central of Georgia. Mr. Fort observed that section 2 of the bill—on which the commission also based its objections to the measure—would provide for suspension of section 77 proceedings and for special reorganization treatment of these roads. "We think," he stated, "that H. R. 2298 should stand on its own merits and that any legislation such as that reflected by section 2 of H. R. 3237 should be considered in a separate bill and should likewise stand or fall on its own merits."

Meanwhile, a subcommittee of the Senate committee on interstate and foreign commerce, headed by Senator Reed, Republican of Kansas, started hearings this week on S. 249, another rail reorganization bill introduced by Senator White, Republican of Maine. A companion bill to

Eastern Passenger Fare Increase Authorized

The Interstate Commerce Commission, in a report by Commissioner Rogers, on May 20 authorized 60 railroads in the Eastern district and Pocahontas region to increase, on five-days' notice, their basic one-way fares from 2.2 to 2.5 cents per mile in coaches and from 3.3 to 3.5 cents per mile in parlor and sleeping cars. The commission's order, which also establishes a minimum one-way fare of 15 cents and permits the carriers to increase their daily round-trip fares in proportion to the increases effected in one-way fares of the same class, was in response to the petition filed by the railroads earlier this year, as noted in *Railway Age*, March 8, page 504.

The carriers also proposed to increase, except for hauls within the New England region, their 3-months' limit round-trip fares, which presently grade downward for one-way distances over 100 miles from 2.2 to 1.65 cents in coaches, and from 3.3 to 2.97 cents in Pullmans, to the proposed basis of double the one-way fare for one-way distances up to 200 miles, with a progression for greater distances diminishing to 1.9 cents per mile for one-way distances of 500 miles and more in coaches, and to 3.1 cents per mile for distances of 700 miles and more in Pullmans.

The commission, however, decided that while the proposed round-trip fares, except in the New England region, reflected a progression for distances of over 200 miles, no justification was offered for failure to continue the present practice of according some reduction under the double one-way fares for distances between 100 and 200 miles, and authorized no change in present practice. "For hauls within the New England region, it has not been the practice of the rail carriers to grant reductions in round-trip fares below the double one-way fares," the commission said, adding that the present proceeding did not warrant any change in that practice.

The commission also observed that no justification was offered in support of the proposed minimum increase of 5 cents. It found that the increases authorized should be subject to the so-called fractional rule, which the commission prescribed last month in its order approving passenger fare increases on the New York, New Haven & Hartford, as noted in *Railway Age* of April 19, page 809.

In addition to applying to interstate fares in the Eastern district and Pocahontas region, the commission's order also affects intrastate rates in Illinois, Michigan, Ohio and New York. Orders are being entered as to the first two states, but the Ohio and New York State commissions are allowed 45 days to approve equivalent increases. The New Haven also would be affected by the increase in New York intrastate fares.

As a result of the increases, representative basic one-way fares, before federal tax, would be affected as follows: New York to Washington, D. C., coach, now \$4.95, becomes \$5.62; first class, now \$7.36, becomes \$7.81; New York to Chicago, coach, now \$20.02, becomes \$22.75; first class, now \$29.98, becomes \$31.80.

H. R. 2298, S. 249 also includes amendments introduced by Senator Reed and Senator Meyers, Democrat of Pennsylvania, to make it conform with H. R. 3237 with respect to pending reorganizations. In addition to Senators Reed and Meyers, Senator Hawkes, Republican of New Jersey, also is a member of the subcommittee.

O. D. T. Getting Ready to Quit June 30—if Necessary

Colonel J. Monroe Johnson, director of the Office of Defense Transportation, has issued a "directive" ordering all departments and divisions of the agency to complete their liquidation not later than the close of business June 30. Meanwhile, there is pending before Congress President Truman's recent request for an additional appropriation of $644,000 to keep O.D.T. in operation for another year beyond June 30.

That prospect was mentioned by the agency's acting executive officer, George L. Harrison, in a recent notice advising all O.D.T. employes that, if assurances of continuance are not received by June 1, most of the operating personnel will then be placed on annual leave until June 15, at which time their appointments with O.D.T. will be terminated and a lump sum will be paid for the balance of annual leave accrued.

I. C. C. Holds Oral Argument in Car Service Probe

Oral argument was heard last week by the Interstate Commerce Commission on that phase of its No. 29669 freight car-service investigation, which involves the question of whether or not the commission should formulate and promulgate car service rules. As noted in *Railway Age*, April 26, page 864, a report proposed by Examiner C. A. Rice recommended that the commission should not do so.

The Office of Defense Transportation, represented by Frank Perrin, executive assistant, and Homer C. King, deputy director, argued that the commission should (1) require the filing by each railroad of its rules and regulations with respect to car service either individually or by an agent with the director of the I.C.C.'s Bureau of Service; (2) prescribe the conditions under which changes may be made in those rules and regulations; (3) provide a rule authorizing the I. C. C. to suspend rules and regulations; and (4) provide a rule to apply where an individual carriers fails to file any rules or regulations with respect to car service.

"The Bureau of Service was set up administratively within the commission to handle car service and under the administration of existing law it is the function and duty of that bureau to protect the public interest by requiring the filing of rules and regulations with the commission when it is evident that such action is necessary," Mr. Perrin said in part, adding that the present rules do not "protect the public interest" or the "equities of western ownership."

The views of the O.D.T. were supported in part by J. K. Knudson, representing the Department of Agriculture; J. R. Van Arnum, representing the National League of Wholesale Fresh Fruit Distributors; K. D. Loos, representing the National Agricultural Cooperative Transportation Committee; and W. R. Scott, representing the Kansas City, Mo., Board of Trade.

Mr. Knudson contended that there should be a car service rule in effect which would provide sufficient box cars in grain shipping territory during the harvest season. He also suggested that the docket be kept open so that complaints could be submitted to the I.C.C. instead of congressional committees.

The railroads' case against commission action was argued by T. L. Preston, assistant general counsel of the Association of American Railroads. He was supported by J. S. Burchmore, representing the National Industrial Traffic League, and A. G. Gutheim, representing the Western Pennsylvania Coal Operators Association and the Northern West Virginia Coal Association.

Santa Fe Plans New York-to-Pacific Air Mail

A permanent or temporary certificate of public convenience and necessity authorizing scheduled operations in aircraft service to transport freight and mail between specific points in the United States is sought in applications which the Atchison, Topeka & Santa Fe and its affiliate, Santa Fe Skyways, Inc., have filed with the Civil Aeronautics Board. The applications are amendments to those filed last fall with the C.A.B., as noted in *Railway Age* of November 23, 1946, page 899.

The applicants seek authority to carry freight between the terminal points of New York, San Francisco, Cal.; Galveston, Tex.; and Beaumont and the following intermediate points: Chicago, St. Louis, Mo.; Kansas City, Topeka, Kans.; Wichita, Tulsa, Okla.; Oklahoma City, Ft. Worth, Tex.; Houston, Temple, San Angelo, Lubbock, Amarillo, Albuquerque, N. M.; Phoenix, Ariz.; San Diego, Cal.; San Bernadino, Los Angeles, Bakersfield, Fresno and Oakland. At the same time, it also seeks authority to transport mail between New York, Chicago, St. Louis, Kansas City, Wichita, Tulsa, Oklahoma City, Ft. Worth, Dallas, Houston, Amarillo, Phoenix, San Diego, Los Angeles, Oakland and San Francisco.

Authority is requested to provide service betwen any of the aforementioned cities without restriction as to routing, including the right to provide non-stop service as traffic requirements demand, but "subject to the restriction that no traffic is to be transported which both originates and terminates at points east of Kansas City, Mo."

The Santa Fe said that it is "confident" that the proposed operations can be conducted on a profitable basis. It said that it waives any subsidy in the rates for the transportation of mail to which it might otherwise be entitled under the provisions of the Civil Aeronautics Act. It added that it will transport mail for "such reasonable rates" as may be established by the C.A.B. on the basis of compensation solely for the service to be rendered in such transportation and that it is willing that any certificate granted contain a condition to that effect.

The Santa Fe proposes to use planes in conjunction with its rail and highway operations to provide an "improved service" in the "general territory" served by the railroad and "to carry by air that portion of its existing mail, express and freight traffic for which the Post Office Department and the shipping public demand air speed."

"A very large proportion of this traffic is through traffic moving between New York, on one hand, and points in Santa Fe territory, on the other hand, and it is for this reason that applicant seeks authority to serve New York," the Santa Fe said. "The proposal to serve New York is limited to through traffic moving between New York and points in Santa Fe territory in order to avoid undue encroachment on the territory served by railroads operating east of Chicago. In the event that any railroad operating between Chicago and New York applies for authority to provide air service between those points, applicant is willing to support such application and to forego its request for authority to operate between Chicago and New York, provided satisfactory arrangements can be made for the interchange of equipment at Chicago to provide through service without transfer of cargo."

House Extends Transport Study of Commerce Committee

The House has adopted House Resolution 153, thus authorizing its committee on interstate and foreign commerce to continue the "national transportation inquiry" begun in 1945 under the sponsorship of that committee's former chairman, Representative Lea, Democrat of California. The continuance was proposed by the committees present chairman, Representative Wolverton, Republican of New Jersey.

Benefit Payments Hit Record of $15 Millions in March

Railroad retirement benefit payments reached an all-time high of $15,056,000 during March, according to the 'Monthly Review" of the Railroad Retirement Board, due chiefly to the new monthly death benefits awarded under the re-opening provisions of the 1946 (Crosser) amendments. A total of 10,700 of these monthly benefits were awarded in March, amounting to $1,135,000, almost triple the February figure.

New applications for employe annuities numbered 4,450, approximately 13 per cent below the previous month's applications. The death of 269 pensioners during the month reduced the number of the rolls to 14,061. Unemployment claims were filed in 182,478 two-week registration periods, 3,846 more than during the preceding month.

Applications for certificate of benefit rights declined from the February figure of 17,326 to 11,333 in March. Although job openings for unemployed railroad workers remained relatively scarce in most localities, there was a definite upswing in employment service activity in some regions during the latter part of the month. A total of 4,358 placements was reported by board

offices, an increase of more than 2,000 over the February figure. Placements of unemployment insurance claimants by the board's employment service rose from 657 in February to 1,708 in March.

May Delay I. C. C. Hearings on Young's N. Y. C. Directorship

A recommendation will be made to the Interstate Commerce Commission by C. E. Bowles, assistant director of its Bureau of Finance, that it postpone its scheduled June 2 hearings on the applications of Robert R. Young, chairman of the Chesapeake & Ohio and Allegheny Corporation, and R. J. Bowman, president of the C. & O., to serve as directors on the New York Central while still retaining their present positions, and the application of the C. & O. and Alleghany for modification of an I.C.C. order of June 5, 1945, involving the trusteeing of C. & O. holdings of stock of the New York, Chicago & St. Louis and N.Y.C.

Mr. Bowles suggested the postponement following a pre-hearing conference at Washington, D. C., on May 19, at which time the C. & O. agreed to submit a traffic study showing the volume of competitive traffic between the Nickel Plate and the C. & O. The study, to cover a 10-day period, also is to show the amount of traffic interchanged by the N. Y. C. and C. & O. systems. Mr. Bowles indicated that a new hearing date could be set upon completion of examination of the studies by counsel representing the respondents and the intervening Virginian and city of Norfolk, Va.

Among other contentions, the intervenors have alleged that approval of the applications would result in a unification of the N.Y.C. and C. & O. systems; that traffic would be diverted and that competition will be "spiked or eliminated." C. & O. counsel replied in part that while "free competition" will continue to exist, "eventual unification is certain in this procedure." They emphasized that both shippers and consignees will have "a lot to say" about any diversion of traffic.

House Committee Defers Action on Crosser Act Amendments

Action this year by the House of Representatives toward amendment of the Railroad Retirement and Railroad Unemployment Insurance acts, including repeal of the "liberalizing" provisions added last year by the Crosser Act, appeared improbable this week following a 12 to 6 vote on May 20 by the House committee on interstate and foreign commerce to postpone indefinitely any action on bills proposing modifications or repeal of the Crosser Act.

The committee's action was taken as the result of a motion by Representative Crosser, Democrat of Ohio, to "vote on the question of consideration" to determine whether or not the committee should "go on with the proceedings" and conduct a scheduled hearing. Mr. Crosser said he based his motion on a so-called "parliamentary procedure rule" in "Cannon's Procedure."

Appearing before a large gathering of railroad, labor and insurance company officials, many of whom were prepared to testify during the scheduled week-long hearings, Representative Crosser said that "in view of the fact that we [the committee] have many records awaiting attention, I feel at this time . . . I should raise the question of consideration on the matters" set for hearing. Representative Crosser contended that the "vote on consideration" was the "only proper way" to approach the subject, adding that, in his opinion, the committee had not had enough time to consider the proposed bills.

Representative Wolverton, Republican of New Jersey, and chairman of the committee, asserted that the "parliamentary procedure rule" was not applicable. He said that "the initial responsibility lies with the chairman of the committee in conducting the committee's business."

Prior to the vote on Representative Crosser's motion—at which time nine members of the committee were absent—Representative Wolverton observed that the May 20 hearing date was set approximately three weeks ago; that all interested parties were represented at the session; and that he "always has sought to work in the best interests of the committee." "There has never been a disposition on the part of the chairman to do anything other than what the committee desires," he said.

Bills which were slated to be considered at the hearing included H. R. 2310, H. R. 3150 and H. R. 2854, introduced by Representative Howell, Republican of Illinois; H. R. 2853, introduced by Representative Gillette, Republican of Pennsylvania; and H. R. 2911, sponsored by Representative Hall, Republican of New York.

Commission Approves Pooling Plan for Railroads' Purchase of Pullman Company

The Interstate Commerce Commission has approved the pooling arrangements involved in transactions whereby 56 railroads propose to buy the sleeping car business of the Pullman Company. The commission's findings are essentially similar to the recommendations made by Examiners Hosmer and Barber, whose proposed report was summarized in the *Railway Age* of February 8, page 330. Commissioners Patterson and Barnard did not participate in the disposition of the case.

It is the intention of the buying group, the I. C. C. statement said, to reduce Pullman into, or sell its properties to, a sleeping car service corporation by not later than December 31, 1948. The duration of the proposed pooling arrangement, therefore, may be limited.

The arrangement provides that, after the consummation of the proposed purchase, each contracting road will have to participate in a guaranty against operating losses by Pullman. In the past, some roads were required to assume such a responsibility for operations on their respective lines and others were not. In a general way, relations between the roads and Pullman, at least with respect to net revenue from sleeping car traffic, will be similar to those between the roads and the Railway Express Agency.

Wherever the earnings of an individual road from sleeping car traffic are large enough to afford a surplus for equal division between the road and Pullman, they will constitute pooled net earnings. The amount will be determined by agreed percentages of Pullman's operating expenses and Pullman's half will be available to all the stockholding railroads as dividends. If declared, the dividends will be paid without regard to the profitability of the sleeping car business on the line of any particular recipient of the dividends.

The decision of the Supreme Court upholding a special three-judge court which approved the sale of the sleeping car business to the so-called buying group was reported in the *Railway Age* of April 5, page 714.

A total of $40,202,482 will be paid for the Pullman stock, which will be distributed among the purchasing railroads in the percentages listed below. Included in the list are the Chesapeake & Ohio, the Pere Marquette and the New York, Chicago & St. Louis, which, although opposed to the application of the buying group, wished to become parties to the proposed plan if it met with I. C. C. approval.

Pennsylvania	16.18
New York Central system	15.50
Southern Pacific	8.55
Union Pacific	6.00
Atchison, Topeka & Santa Fe	5.61
Southern system	3.97
New York, New Haven & Hartford	3.54
Baltimore & Ohio	3.41
Chicago, Rock Island & Pacific	2.21
Chicago, Burlington & Quincy	2.73
Atlantic Coast Line	2.41
Louisville & Nashville	2.25
Chicago, Rock Island & Pacific	2,21
Missouri Pacific	1.86
Illinois Central	1.79
Seaboard Air Line	1.74
Northern Pacific	1.51
Great Northern	1.46
Chicago, Milwaukee, St. Paul & Pacific	1,29
Chesapeake & Ohio	1.17
St. Louis-San Francisco	1.15
Wabash	1.15
Missouri-Kansas-Texas	1.04
Florida East Coast	0.81
Texas & Pacific	0.76
Denver & Rio Grande Western	0.75
Boston & Maine	0.71
Lehigh Valley	0.62
Norfolk & Western	0.61
Richmond, Fredericksburg & Potomac	0.58
Alton	0.57
Delaware, Lackawanna & Western	0.53
International-Great Northern	0.48
Central of Georgia	0.44
Erie	0.43
Western Pacific	0.42
Delaware & Hudson	0.42
Pere Marquette	0.41
Nashville, Chattanooga & St. Louis	0.38
New York, Chicago & St. Louis	0.32
Chicago Great Western	0.27
Gulf Coast Lines	0.24
Maine Central	0.23
Western of Alabama-Atlanta & West Point	0.16
Reading	0.08
Gulf, Mobile & Ohio	0.06
Louisiana & Arkansas	0.06
Kansas City Southern	0.06
Bangor & Aroostook	0.03

Gurley and Deramus Urge Air Rights for Railroads

If the Santa Fe Skyway, Inc. (subsidiary of the Atchison, Topeka & Santa Fe) is permitted to operate as a common carrier by air, the railroad could coordinate its air, rail and highway services to offer a door-to-door air-freight service in its territory, Fred G. Gurley, Santa Fe president, told the House interstate and foreign commerce committee recently. Mr. Gurley appeared before the committee in support of amendments to the Civil Aeronautics Act which would specify that public interest be the basis for air route certificates and that no class of applicants would be excluded arbitrarily.

The Santa Fe president pointed out that the railroad's air subsidiary now is only a contract carrier, the "permissible scope of which is narrowly limited." He asserted that, only by "operation as a common carrier with freedom to solicit business and to provide service to all shippers desiring it, can an effective, economical air-freight service be developed."

"The public is concerned with the quality and cost of the transportation service it receives and not with the nature or ownership of the agency which provides that service," Mr. Gurley declared. "Neither monopoly of air transport by the existing air lines nor unregulated competition with wasteful duplication of facilities would be in the public interest. But within the framework of a competitive national transportation system, railroads and other surface carriers should have fair opportunity to use the airplane as an instrument of transportation."

He said that the recent financial experience of several air lines indicates the need for adequate capital and sound business organization in promoting the development of air transport service and in contributing to the support of the essential aircraft manufacturing industry. He added that "a railroad such as the Santa Fe is in a position to furnish the necessary capital to finance the development of air transportation without continued reliance on government subsidies."

The thousands of Santa Fe employees experienced in all details of freight movement, the existing communications and terminal facilities, the ground handling equipment and pick-up and delivery services, all economically coordinated, will bring improved and cheaper air-freight service, according to the Santa Fe president. He asserted that the Santa Fe Skyway would not only serve the larger cities but would also extend the benefits of air speed to many additional points which lack adequate airport facilities or are too small to support direct air service.

Concluding his testimony, Mr. Gurley told the committee that the real issue is whether the public should be denied air service proposed by any surface carrier even when the applicant's fitness and the public need for the proposed service are beyond question. He added, "I want to make it very clear that we are seeking no special favors but only the same right as any other applicant to enter the air field upon proof of fitness and public need."

W. N. Deramus, president of the Kansas City Southern, appeared before the committee to urge approval of the proposed legislation whereby railroad-controlled air lines could operate if other requirements for certification were met. In general, he supported Mr. Gurley's statement.

Another railroad witness was G. F. Glacy, comptroller of the Boston & Maine and assistant to the vice-president of the Maine Central. He argued that participation of surface carriers in air operations would not in any way result in a monopoly of transportation facilities, but would, under many circumstances, result in more efficient and economical service.

Oral Argument Opens in Georgia Anti-Trust Suit

Oral argument in Georgia's anti-trust suit against the southern and eastern railroads, identified as the state of Georgia v. the Pennsylvania Railroad, et al, opened this week in Washington, D. C., before Special Master L. K. Garrison of the Supreme Court of the United States. The argument is expected to continue through May 29.

Prior to the start of argument on the merits of the case itself, the defendant railroads contended that the case should be dismissed "because the evidence is not sufficient to sustain the complaint." Although he did not rule on this motion by the defendants, Special Master Garrison indicated that his legal conclusions with respect to the dismissal motion would be included in his final report on the case to the Supreme Court.

W. H. Swiggart, vice-president and general counsel of the Nashville, Chattanooga & St. Louis, representing the southern defendants, argued that Georgia has failed to show what damages she has incurred as the result of the alleged conspiracy of the railroads with respect to freight rates claimed to be prejudicial to Georgia and the South in general. "There is a total absence of any discrimination against Georgia," Mr. Swiggart declared, adding that the railroads have not been guilty of "fixing non-competitive rates." At the same time, he denied alleged charges of "collusion" among the carriers.

Mr. Swiggart also argued that the complainant state "deemed it unnecessary to make any effort to sustain its reckless accusations despite its grave and specific charges." He said that there had been an absence of testimony from Georgia shippers and industrialists to the effect that the existing freight rates discriminated against the economy of that state. At the same time, he said that the case before the court was "unique" in that Georgia has "repudiated its amended complaint" in many instances.

Another counsel for the southern defendants, W. P. Grubbs, assistant general solicitor of the Louisville & Nashville, argued that Georgia should have sought to obtain relief through the Interstate Commerce Commission rather than through anti-trust prosecution. He said that it would be "impossible" to prove charges made by the complainant that the railroads circumvented I. C. C. orders by shifting classifications of freight, among other alleged practices. Mr. Grubbs said that Georgia was following a "zig-zag" course, a route which he said he had "difficulty in following."

"Self-Liquidating" St. Lawrence Seaway Proposed

New resolutions to approve the United States-Canada agreement for the development of the St. Lawrence river have been introduced in Congress with provisions designed by the sponsors to make the seaway and power project as a whole "self-supporting and self-liquidating, both in its power and in its navigation phase." The Senate got the proposal in Senate Joint Resolution 111, sponsored by its president pro tempore, Senator Vandenberg, Republican of Michigan, and a bipartisan group of 15 other senators, while two similar resolutions were introduced in the House—H. J. Res. 192 by Representative Dondero, Republican of Michigan, and H. J. Res. 194, by Representative Blatnik, Democrat of Minnesota.

In a statement explaining the proposal, Senator Vandenberg said that it was "materially different from similar legislation that has been before Congress in recent years." After eliminating from the agreement certain articles on which treaty negotiations are suggested, the resolution would approve the agreement's remaining provisions and authorize the President to carry out U. S. commitments—provided he obtained "satisfactory assurances" that Canada agreed to the "principle" of making the seaway "self-liquidating by charging reasonable tolls."

Construction would be permitted to go ahead while arrangements for the charging of tolls were being worked out, and the resolution would set an upper limit of $1.25 per short ton of laden cargo on the toll charge. Moreover, the proposal to charge tolls would not apply to the present navigation facilities within the Great Lakes system, but only to the new deep-water navigation facilities on the St. Lawrence authorized by the resolution. Specifically, as Senator Vandenberg set them out, the exemption from tolls would apply to domestic Great Lakes traffic of Canada and the U. S. that utilizes the Soo locks and the Welland canal, and to traffic which utilizes the 14-ft. Canadian canals on the St. Lawrence.

The tolls provision would also provide that the charges "shall give due consideration to encouragement of increased utilization of navigation facilities, and to the special character of bulk agricultural, mineral, and other raw materials"; and that the tolls "shall vary for ships in ballast and according to the character of cargo with the view that each classification of cargo will so far as practicable derive relative benefits from the use of these facilities." Senator Vandenberg's explanatory statement interpreted the call for consideration of the "special character" of bulk cargoes to mean that such cargoes "may carry differential (lower) rates as compared with other types of cargo."

The senator indicated that he did not expect action on the resolution at this session of Congress when he expressed the hope that the proposal would "command congressional approval" before the present

Congress adjourns "next year." Among those sponsoring the resolution with Senator Vandenberg is Minority Leader Barkley, Democrat of Kentucky.

Hearings on S. J. Res. 111 before a subcommittee of the Senate committee on foreign relations have been tentatively set for May 28. The subcommittee consists of Senators Wiley, Republican of Wisconsin, chairman; Smith, Republican of New Jersey; Hickenlooper, Republican of Iowa; Thomas, Democrat of Utah; and Hatch, Democrat of New Mexico.

Norfolk & Western Fined $2,000 for Service Order Violation

Admitting allegations to a complaint charging that it had violated Interstate Commerce Commission Service Order No. 422 by failing to unload freight on hand at the Port of Norfolk, Va., for more than 10 days, the Norfolk & Western was fined $2,00 and costs May 2 as the result of a judgment in 20 counts entered against it in the federal district court at Roanoke, Va., it was announced May 16 by the commission.

Approve Merger of Atlantic and Pan American Greyhound

Division 4 of the Interstate Commerce Commission has approved the merger of the operating rights and property of Pan American Greyhound Lines into Atlantic Greyhound Lines, and the acquisition of control by Greyhound Corporation of the Pan-Am properties. The joint application of the three companies on which the commission made its favorable report, were filed pursuant to a "directive" which the commission embodied in its report approving Greyhound Corporation's control of Florida Motor Lines.

That report, noted in the *Railway Age* of October 26, 1946, page 698, indicated the commissions dislike for that phase of the resultant set-up wherein control of Pan-American, which operated New York-Miami services, had become lodged in three Greyhound companies — Atlantic, Florida Motor, and Pennsylvania Greyhound Lines. It went on to say that steps should be taken "to effect a unification of Pan American's operating rights and properties into the Greyhound system."

Will Investigate Knoxville's Standard-Time Petition

The Interstate Commerce Commission has reopened its Standard Time Zone Investigation (No. 10122) for further hearing on the question of whether the prior orders should be so modified that Knoxville, Tenn., or any of the remainder of that state or any portion of Kentucky, Virginia, or North Carolina, now in the Central Time Zone, be included within the Eastern Time Zone. The reopening order by the commission's Division 2 came after the Knoxville Chamber of Commerce and Knoxville Junior Chamber of Commerce had filed a petition for extension of the Eastern zone to include additional portions of eastern Tennessee. Hearings will open at Knoxville on June 16 before Examiner Thomas E. Pyne.

Organizations

The 51st annual meeting of the **National Fire Protection Association** will be held at the Palmer House, Chicago, May 26-29. The railroad section of the N. F. P. A. has scheduled two meetings for Monday, one at 10.00 a.m. and an afternoon session at 2.00 p.m. Principal speaker at the morning session will be Thuber George, who will present a paper entitled "Fires in Transportation and What We Can Do About Them." Other speakers will be W. F. Hickey, chairman of the railroad section; L. J. Molloy, chairman, fire protection and insurance section, Association of American Railroads; W. F. Steffens, secretary, N. F. P. -A. railroad section. Outstanding features of the afternoon session will be a discussion of Diesel locomotives by R. I. Snowdon and election of officers.

The **Railway Business Woman's Association of Chicago** will hold its annual meeting, with installation of officers, on June 3, at 6 p.m., at 105 West Madison

Daniel P. Loomis, executive director of the Association of Western Railways, at Chicago, will be the guest speaker at a joint meeting of the **Fort Worth (Tex.) Kiwanis and Rotary clubs** on May 29, at the Texas hotel in Fort Worth. His subject will be "Rights, Responsibilities and Relationships of Capital, Labor and Management."

The **New York Traffic Club** will hold its regular monthly meeting in the club rooms at the Hotel Biltmore May 27 at 8 p. m. L. W. Byrne, chief, port promotion bureau, Port of New York Authority, will speak on the "Port of New York Authority" which will be accompanied by the showing of a film entitled "Port of New York." Also on the program is the showing of a movie, "Rolling the Freight."

The **Railroad Enthusiasts**, New York Division, who will meet May 28 in room 5928, Grand Central Terminal, at 7:45 p. m., will have as their guest speaker Oscar A. Frauson, superintendent of lighterage of the Erie. Mr. Frauson will discuss Railroading in New York Harbor. A motion picture entitled "Modern Coal Burning Steam Locomotives" will also be shown.

Car Service

The Interstate Commerce Commission has issued Service Order No. 648-A, effective May 25, which vacates Service Order No. 648. The latter order provided car supply priority for foreign relief grain at designated western stations and required permits for other carload grain shipments from those points.

The Office of Defense Transportation has issued Amendment No. 1 to General Permit O.D.T. 18A, Revised-31. The amendment, effective May 14, adds points in Georgia as origins from which cars containing carload freight consisting of new fresh harvested onions might be loaded to a minimum weight of 25,000 lb.

Equipment and Supplies

LOCOMOTIVES

The Director General of Railroads, La Paz, Bolivia, has requested bids by June 30 for one Diesel-electric locomotive for passenger, freight and switching services on the Potosi-Sucre line, according to Foreign Commerce Weekly, a publication of the United States Department of Commerce. Specifications are available from the department's machinery and metals division, Washington 25, D. C.

FREIGHT CARS

The Missouri-Kansas-Texas has ordered 300 50-ton 40-ft. box cars and 200 70-ton triple hopper cars from the American Car & Foundry Co. at a total cost of approximately $2,000,000. Deliveries are expected early next year. The box cars will be built at the Chicago plant and the hopper cars at the Huntington, W. Va. plant. An inquiry by the M.-K.-T. for 500 hopper cars was reported in the *Railway Age* for March 29.

SIGNALING

Equipment to install continuous three-indication cab signaling equipment on four Diesel-electric passenger locomotives being built for the Chicago, Milwaukee, St. Paul & Pacific, for operation in cab signal territory between Portage, Wis., and St. Paul, Minn., has been ordered from the Union Switch & Signal Co.

The Chesapeake & Ohio has placed orders with the Union Switch & Signal Co. for the materials required for the installation of an electro-pneumatic car retarder system in the westbound yard at Walbridge, Ohio. This installation will comprise 15 Model-31 retarders, controlled from 25 control valves, and totaling 1,547.5 rail feet of retarder; 53 direct-acting electro-pneumatic switch layouts with relays and housings for 53 detector track circulits for the switches; 53 power-operated skate mechanisms with skates; and 3 control machines for controlling the operation of these functions. The construction will be done by railway forces.

The Gulf, Mobile & Ohio has contracted with the General Railway Signal Company for equipment to install an all-relay electric interlocking at Montgomery, Ala. The control panel will be equipped with 11 track indication lights and 8 levers for the control of 6 switch machines, a switch lock, and 13 signals. Type B relays, Model 5C switch machines, and Type SA signals are included in this order.

The Union Switch & Signal Co. is furnishing 50 sets of continuous four-indication coded cab signal equipment, together with FM inductive train communication apparatus, for installation on 6,000-hp., three-unit Diesel-electric locomotives now building for the Pennsylvania. One complete set of the communication apparatus will be

installed on each of the two A units of these three-unit locomotives for operation on the train-communication-equipped main line of the Pennsylvania between Harrisburg, Pa., and Pittsburgh.

The ILLINOIS CENTRAL has placed an order with the Union Switch & Signal Co. for the required material for a centralized traffic control installation between Lake View, Miss., and Lake Cormorant, 7 mi., involving a Style B-60 code type control machine, the necessary C.T.C. code equipment, Style SL-6A electric switch locks, relays and housings. The installation will be made by railroad forces.

MARINE

The CHESAPEAKE & OHIO has ordered 2 1,000-hp. tugboats from the Newport News Shipbuilding & Dry Dock Co. at a total cost of $788,000. The tugs will be used to dock coal and merchant ships at Hampton Roads, tow coal barges across the roads and handle railroad car floats. Delivery of the first boat is scheduled within the next eight months, with the second to be delivered one month later. Authorization by the road's board of directors for the purchase of these boats was reported in the *Railway Age* for April 5.

Supply Trade

Richard T. Nalle has been elected president of the **Midvale Company,** to succeed **Francis Bradley,** who has been elected chairman of the board of directors.

C. A. Hendrickson has been appointed assistant mechanical engineer of the **Grip Nut Company,** with headquarters at 310 S. Michigan avenue, Chicago 4.

On May 1 the ownership of the **Reliance Machine & Stamping Works** was transferred to **J. J. Prendergast, M. Wilkinson,** and **C. B. Camp,** all formerly with the Texas & Pacific. The company's general office has been moved from New Orleans, La., to Dallas, Tex.

The **Bakelite Corporation,** a unit of the Union Carbide & Carbon Corp., has announced the appointment of **J. H. Thorp & Co.,** 250 Park avenue, New York, as distributors for Vinylite.

Walcott P. Hayes, formerly commanding general of the United States army air forces' technical school at Scott Field, Ill., has been appointed San Francisco, Cal., representative of the **Hayes Track Appliance Company.**

Hugh C. Minton, former brigadier general of the United States army service forces, has been appointed production manager of **Koppers Company,** effective July 1. In his new position, Mr. Minton will report directly to Brehon Somervell, president of the firm.

A. L. Kreamelmeyer has been appointed general traffic manager of the **Eagle-Picher Mining & Smelting Co.,** with headquarters at Cincinnati, Ohio. Mr. Kreamelmeyer's resignation as traffic manager of the St. Louis-San Francisco, at Kansas City, Mo., was reported in the *Railway Age* of May 3.

The **American Brake Shoe Company** has announced the election of **Kempton Dunn** as secretary of the firm and **Cyrus E. Brush** as an assistant secretary to serve with Samuel S. Drury, Jr., also an assistant secretary. Mr. Dunn joined American Brake Shoe in 1932. He was appointed treasurer in 1942 and, in 1946, assumed the additional duties of assistant secretary of the company and its Canadian subsidiaries. With his new appointment he becomes secretary-treasurer of the company. **Sumner T. McCall,** vice-president and secretary, will retire from active service on June 1, it also was announced. Mr. McCall has been associated with the company since 1910.

J. W. Angell has been appointed marketing manager of the **Signode Steel Strapping Company,** Chicago. In this position he will supervise market research, advertising and sales promotion. Mr. Angell joined the company in 1934 and in recent years has served as assistant to the vice-president and sales director.

J. W. Angell

Charles C. Dempsey, associated with the **Hennessey Lubricator Company** for a number of years before the war, has returned to the company as special representative, following his recent release from the United States Army.

Vernon S. Anderson has been appointed a communications field engineer, covering the northern Illinois territory, for **Motorola Inc.** Mr. Anderson formerly served as sales engineer in the broadcast division of the Raytheon Manufacturing Company.

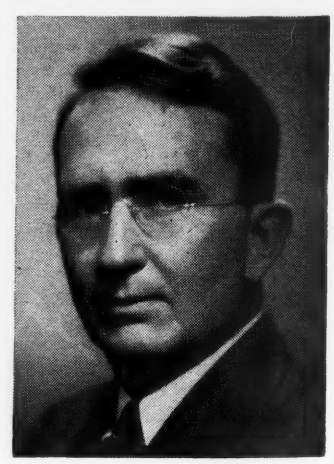
M. W. Reed, formerly chief engineer of the **Carnegie-Illinois Steel Corporation,** a United States Steel Corporation subsidiary, has been elected vice-president in charge of engineering.

Robert M. Phinney, engineer associated with the commercial engineering department of the **General Railway Signal Company** has been appointed engineer of train operation, with headquarters at Rochester, N. Y., **Walter J. Plogsted,** assistant to the president, has been appointed vice-president in charge of export. **Eugene F. Auth** has been appointed sales engineer, with headquarters at Chicago.

Malcom W. Reed, chief engineer of the **Carnegie-Illinois Steel Corporation** (a subsidiary of the United States Steel Corporation) has been elected engineering vice-president. A graduate of the U. S. Naval Academy, Mr. Reed entered the service of the American Steel & Wire Co. (also a subsidiary of U. S. Steel) in 1916 as a wire tester, at Worcester, Mass. He was named wire rope engineer in 1917 and foreman of the rope mill at New Haven, Conn., in 1919. After advancing to the superintendency of the New Haven plant, Mr. Reed returned to Worcester as assistant district manager in 1928, and in 1932, he was appointed chief engineer, with offices at Cleveland, Ohio. In 1933 he became assistant to the vice-president and chief engineer; in 1937 he was elected vice-president in charge of operations; and in 1939 he was appointed chief engineer of Carnegie-Illinois.

Vance C. Woodcox, whose election as president of the **Enoz Chemical Company,** at Chicago, was reported in the *Railway Age* of February 15, was born in Indiana in 1898 and received his higher education at Adrian College. He entered the service of the Standard Oil Company in 1919 as a gas station attendant, and resigned in 1926 as assistant sales manager of the Detroit (Mich.) area. In the same year he joined Nash-Kelvinator as a salesman, and soon became director of advertising and promotion. In 1935 he resigned to become vice-president in charge of sales and advertising for R. C. A.-Victor. In 1944 he joined the Enoz Chemical Company as executive vice-president, the position he held at the time of his recent election.

J. C. Travilla, chief mechanical engineer for the **General Steel Castings Corporation** since 1940, has been elected vice-president-engineering. A native of St. Louis, Mo., he was graduated from Cornell University with a degree in mechanical engineering. Mr. Travilla joined the Commonwealth Steel Company in 1923 as an estimator and has worked for that company and its successor, General Steel Castings, in various engineering capacities at

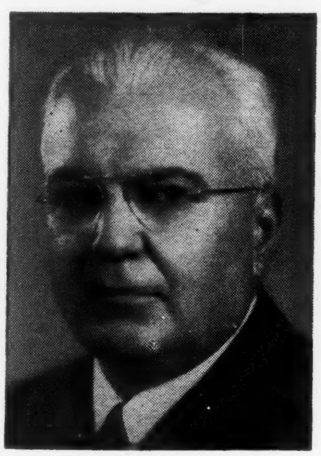


J. C. Travilla

the Commonwealth and Eddystone, Pa., plants. **James MacDonald,** assistant to the president since July, 1945, has been elected vice-president. Mr. MacDonald entered the sales department of the firm in January, 1939, and was appointed assistant to vice-president-sales later the same year. He came to General Steel Castings from the Baldwin Locomotive Works where he had served over a period of eight years as general assistant to the treasurer, purchasing agent and assistant

James MacDonald

director of sales. **B. W. Taylor** has been appointed assistant to the vice-president-engineering. Mr. Taylor, after his release from the Navy in October, 1946, was appointed assistant chief mechanical engineer, a position he held until his recent appointment. Mr. Taylor was graduated



B. W. Taylor

from the University of Pennsylvania with a degree in mechanical engineering in 1917. He was an instructor of mechanical engineering at the university from 1920 to 1923 and railway engineer of S. K. F. Industries from 1923 to 1943.

J. A. Baldinger has been appointed assistant to the general manager of the **Automatic Transportation Company,** Chicago. Earlier in his career, Mr. Baldinger was assistant to the vice-president in charge of sales of the Whiting Corporation, Harvey, Ill. During World War II, he served in the United States Navy Bureau of Ordnance. Upon his discharge as a lieutenant in November, 1945, he joined Automatic Transportation as assistant sales

J. A. Baldinger

manager of the truck division, which position he held at the time of his recent appointment.

B. A. Clements, who has been elected vice-chairman of the board of directors of the **American Arch Company,** as noted in *Railway Age* of May 3, was born at Indianapolis, Ind., on October 3, 1877. He entered railway service in 1892 as a mes-

B. A. Clements

senger for the Illinois Central. In 1911, having advanced to the position of assistant to the president, Mr. Clements left the Illinois Central to become western sales manager of the Worth Brothers Steel Company. He next served as vice-president of the Rome Iron Mills from 1918 to 1926, in which year he became president of that organization. In 1927 he left Rome Mills to become president of American Arch.

C. H. Paris, whose retirement as chief engineer of the Chicago & Illinois Midland, with headquarters at Springfield, Ill., was reported in the *Railway Age* of May 3, has become chief engineer of **Track Maintenance Specialists,** a new organization which specializes in complete engineering and maintenance of track service.

Mr. Paris was born on April 19, 1882, at Winona, Minn., and received his higher education at the universities of Minnesota and Wisconsin. He entered railroad service in September, 1905, as a chainman on the Northern Pacific, and served as instrumentman on the Spokane, Portland & Seattle, and as rodman on the Minneapolis, Northfield & Southern, until April, 1909, when he entered the service of the Chicago & North Western on bridge construction at Neenah, Wis. Until 1926 Mr. Paris served on the North Western as masonry inspector, assistant engineer, assistant division engineer, and acting division engineer. On March 17, 1926, he entered the

C. H. Paris

service of the Chicago & Illinois Midland as chief engineer, in which capacity he continued until his recent retirement.

Frank D. Hazen, formerly general sales manager of the industrial department of the **American Arch Company,** has been appointed vice-president and general manager of that department, with headquarters

Frank D. Hazen

at Pittsburgh, Pa. Mr. Hazen has been associated with the company for 22 years, prior to which he was engaged in construction work for the Inland Steel Company and the Illinois Steel Company.

OBITUARY

Paul T. Payne, district manager of the Dearborn Chemical Company, Indianapolis, Ind., died recently at Witham Hospital, Lebanon, Ind. He was 67 years old. Mr. Payne was associated with Dearborn Chemical for 49 years.

William Lowenthal, retired sales engineer of the New York office of the General Railway Signal Company, died recently.

Abandonments

Gainesville Midland.—Division 4 of the Interstate Commerce Commission has authorized this road to abandon its line between Belmont, Ga., and Monroe, 32 miles, and to abandon operation under a trackage rights agreement over certain terminal facilities of the Georgia at Monroe. The abandonment was approved subject to the condition that the properties, or any portion thereof, be sold to any responsible person, firm or corporation offering within 40 days of the date of the abandonment certificate (May 7) to purchase them for continued operation and willing to pay not less than the net salvage value.

Southern Pacific.—Division 4 of the Interstate Commerce Commission has authorized this road to abandon operation over the so-called Cloudcroft branch of the El Paso & Southwestern, extending 31.6 miles from a point near Alamogordo Junction, N. M., to Russia. At the same time, the commission also authorized the E. P. & S. to abandon the branch, over which only one round trip has been made weekly since December, 1944.

Southern Pacific.—Differing from the recommendation in a proposed report by Examiner J. S. Prichard, noted in *Railway Age* of October 26, 1946, page 705, Division 4 of the Interstate Commerce Commission has authorized this road to abandon a 20.6-mile portion of its so-called Mill City branch from Gates, Ore., to Idanha, imposing the usual employee-protection conditions.

Authority to abandon was sought as the result of plans of the federal government to utilize a large portion of the North Santiam River valley for flood control purposes, as a result of which the line would be partially inundated and rendered useless. On March 4, 1946, the government, subject to commission approval, accepted an option to acquire the line for an agreed price, $413,169.

Examiner Pritchard had recommended that the S.P. should be required to relocate and keep the line in operation. He found, among other things, that roads which various federal and state agencies plan to construct in the territory for approximately $4,490,000 would not provide an adequate means of transportation, particularly during the winter, in lieu of the railroad.

"The necessity for the proposed abandonment is imperative in order to make way for a project embracing a greater public interest," the commission said. "The record does not show that the line ever has been operated at a loss . . . but it is obvious that after the privately owned timber has been removed, the volume of business on the line would be reduced 50 per cent.

"In view of the cost of maintenance and operation of the line . . . we are of the opinion that such a low volume of traffic would be insufficient to support the construction and operation of a substitute line, and that such construction and operation would impose an undue and unnecessary burden upon the applicant. . . . In our judgment, the traffic requirements of the territory tributary to the line can be met by truck transportation over the highways proposed to be constructed. The private interests concerned . . . cannot reasonably demand the construction of a new line of railroad to meet their transportation needs for a period of only 4 years.

Construction

Long Island.—This road has awarded a a contract to the Salson Construction Company, Jamaica, N.Y., for the construction of an electrical substation building and adjacent facilities at St. Albans, Long Island. The estimated cost of this project is $28,-299. A program of improvement in the power distribution system through the construction of mercury arc rectifier substations at Cedar Manor, Kew Gardens, St. Albans and Bellaire, and including the purchase of two portable mercury arc substations, has been authorized. The probable cost of this project is $2,000,000.

Norfolk & Western.—Division 4 of the Interstate Commerce Commission has authorized this road to construct a 5.2-mile line between Cooper, W. Va., and Lick Branch, to replace on a different location an existing 5.5-mile line betwen the same points.

Southern.—This road has awarded a contract to the MacDougald Construction Company, Atlanta, Ga., for the grading work involved in filling a trestle and improving its alinement near Parrish, Ala. The probable cost of the entire project, which will include work by the Southern's own forces, is $127,000, and that portion which was contracted for will cost, it is estimated, $70,000.

The following projects, all of which will be undertaken by the road's own forces, have been authorized and the probable costs are shown in parentheses: Renewing a bridge over the North Edisto river near Berlin, S. C. ($110,400); construction of tracks to serve the American Enka Corporation at Lowland, Tenn. ($53,800); construction of tracks to serve the Superior Stone Company at Red Hill, Va. ($55,-420); construction of a crossover and a track connection with the St. Louis-San Francisco at Birmingham, Ala. ($21,420); and an extension to the passing track at Cumberland Falls, Ky. ($32,000).

Also authorized are the following two projects involving work by company forces and outside contractors: Replacing a timber trestle with a reinforced concrete trestle near Reidsville, N. C., on which the construction work will be done by railroad forces and precast concrete slabs and piles will be furnished by the Birmingham plant of the Massey Concrete Products Company ($98,300); and constructing a connection track between the Citico yard and the Southern's freight yard at Chattanooga, Tenn. ($25,800).

Financial

Baltimore & Ohio.—*Equipment Trust Certificates.*—This road has requested bids for the purchase of a proposed issue of $6,110,000 of series U equipment trust certificates to be dated June 1, 1947. The certificates, the issuance of which is subject to Interstate Commerce Commission approval, will mature in ten equal annual installments from June 1, 1948 to June 1, 1957, inclusive, and are being sold to provide not more than 80 per cent of the net cost of the following equipment: 8 lightweight sleeping cars of the 14-roomette-4 bedroom type, to be built by the Pullman-Standard Car Manufacturing Company; 1,000 50-ton steel hopper cars to be built by the Bethlehem Steel Company; and 1,000 50-ton open-top steel hopper cars, 500 of which will be built by the Pressed Steel Car Company and 500 by the Ralston Steel Car Company.

Central of New Jersey.—*Reorganization.*—The Interstate Commerce Commission has assigned this road's reorganization proceedings for hearing on July 1 at its Washington, D.C., offices. Examiner J. V. Walsh will preside. The hearing will be held to receive evidence as to the reorganization plan filed April 21 by the "institutional group," the Watters committee, holders of the debtor's general-mortgage bonds, and "any other plans" that may be filed.

Chicago, Rock Island & Pacific.—*New Directors.*—Four new members elected last week to this road's board of directors are: Adolph Boissevain, financial advisor to the Netherlands Embassy in Washington, D. C.; A. Plack Carr, oil operator, Dallas, Tex.; W. P. Carr, petroleum engineer and geologist, Dallas; and Ellis C. Huggins, executive vice-president of the National City Bank of Dallas.

Chicago, Rock Island & Pacific.—*Reorganization Plan.*—The Federal district court, at Chicago, has been asked to confirm this road's reorganization plan as ordered by the circuit court of appeals there last February (see *Railway Age* of March 1, page 478) and to appoint reorganization managers. These motions, presented by senior bondholders, were opposed by attorneys for preferred stockholders, the debtor and other groups who contend that the confirmation should be stayed until application for a writ of certiorari can be filed with the U. S. Supreme Court.

Chicago, Milwaukee, St. Paul & Pacific.—*New Directors.*—Four new members were elected to the board of directors of this road on May 13, at Chicago. They are: Charles H. Buford, new president of the Milwaukee; Judson Large, director, secretary and treasurer of the McGraw Electric Company, at Elgin, Ill., and of the Central West Company, Sioux City, Iowa; Philip W. Pillsbury, president of the Pillsbury Flour Mills Company, at Minneapolis, Minn.; and Louis Quarles, at-

torney, of the firm of Lines, Spooner & Quarles, at Milwaukee, Wis.

Chesapeake & Ohio-Pere Marquette.—*Merger.*—Division 4 of the Interstate Commerce Commission has denied petitions of J. A. Bauer, the Pere Marquette Preferred Stockholders' Protective Committee, and A. E. Schwabacher and others for reargument and reconsideration of the commission's April 1 order authorizing the merger of the Pere Marquette into the Chesapeake & Ohio. The commission said "good cause" for reopening the proceeding had not been shown, and set the effective date of the merger authorization as 15 days after May 20.

Denver & Rio Grande Western.—*Equipment Trust Certificates.*—This road has applied to the Interstate Commerce Commission for authority to assume liability for $1,530,000 of Series K equipment trust certificates, the proceeds of which will be applied toward the purchase of the following equipment, estimated to cost $2,060,000, from the Budd Company: 1 baggage car, at $76,487; 1 vista-dome coach, at $137,725; 2 vista-dome coaches, at $138,730 each; 1 vista-dome coach, at $137,386; 2 tourist sleeping cars, at $140,306 each; 1 vista-dome tavern-dormitory car, at $149,529; 1 dining car, at $127,812; 1 sleeping car, at $139,308; 2 sleeping cars, at $145,267 each; 2 sleeping cars, at $143,246 each; and vista-dome sleeping-tavern-observation car, at $160,864. The certificates, to be dated July 1, would be sold on the basis of competitive bidding.

Delaware, Lackawanna & Western.—*Merger of Leased Lines.*—The stockholders of this road, at the recent annual meeting, approved the merging into the D. L. & W. of the Passaic & Delaware Extension, running from Bernardsville, N. J., to Gladstone, and the Morris & Essex Extension, running from Paterson Junction, N. J., to Paterson. These mergers, subject to Interstate Commerce Commission approval, will complete the consolidation with the Lackawanna of all its leased lines. Shares voted to approve the merger totaled 1,333,849, while those opposed amounted to 2,172. (See the *Railway Age* of March 29, page 675).

Ralph D. Jennison of Binghamton, N. Y., president of the New York State Electric & Gas Corp., was elected a director to succeed the late Arthur G. Hoffman.

William White, president, told the stockholders the company had paid off all taxes in arrears to the state of New Jersey and all federal income taxes in arrears when merger proceedings were begun, an aggregate of $25,000,000. Annual fixed charges, he added, have been cut to $4,662,000, a reduction of 26 per cent under the 1940 charges.

Citing current wage demands by the non-operating unions for an increase of 20 cents an hour, he said "each cent of increase, if granted, will cost the Lackawanna $270,000, or a total of $5,400,000 a year." Discussing current results, Mr. White reported that earnings for the first quarter showed an increase of 13 per cent. Net income for the period was $750,000 which he called "insufficient to meet needs. But with increased rates allowed and in prospect, net income should be about $3,000,000 this year."

Great Northern.—*Debt Reduction.*—A reduction of nearly 57 per cent in yearly interest charges on this road's funded debt in the past 12 years was reported by F. J. Gavin, president, at the annual stockholders' meeting recently held in St. Paul, Minn. The interest on the funded debt totaled $8,120,262 last year, compared with $18,755,665 in 1935, he said.

"While the recent increase in freight rates should add substantially to the company's revenues in 1947," he continued, "it is estimated that the railway's income this year will not be sufficient to earn a fair return on the investment in the company's properties." The Great Northern's return on investment was 3½ per cent in 1946.

Gulf, Mobile & Ohio.—*Securities.*—Division 4 of the Interstate Commerce Commission has issued supplemental reports in which it authorizes this road to assume liability in respect of its proportionate share of the principal, interest and sinking fund installments of $40,312,000 of Terminal Railroad Association of St. Louis 2⅞ per cent series D refunding and improvement mortgage bonds; to assume liability in respect of its proportionate share of the principal, premium and interest of $47,000,000 of Kansas City Terminal first-mortgage bonds; to assume liability of not exceeding $2,093,800 of Kansas City, St. Louis & Chicago first-mortgage guaranteed 4½ per cent bonds; to assume liability to pay $29,220 of coupons matured on Chicago & Alton refunding-mortgage 3 per cent bonds; and to issue a promissory note or notes for $30,233,350, to evidence a bank loan of that amount. The notes will be issued without competitive bidding. At the same time, the commission modified its report and order of September 19, 1945, so as to substitute the Chemical Bank & Trust Company for the St. Louis Union Trust Company, and Hord Hardin for H. J. Miller, as trustees, under the G. M. & O.'s general mortgage, effective April 28.

Illinois Terminal.—*Equipment Trust Certificates.*— This road has applied to the Interstate Commerce Commission for authority to assume liability for $1,030,000 of Series C equipment trust certificates, the proceeds of which will be applied toward the purchase of 350 50-ton steel-sheathed box cars, at an estimated unit cost of $3,708, from the American Car & Foundry Co. The certificates, to be dated July 1, will be sold on the basis of competitive bidding.

Missouri - Kansas - Texas. — *New Directors.*—L. H. Prichard, president of the Anderson-Prichard Oil Corporation and the Coltex Refining Company, Oklahoma City, Okla.; W. K. Warren, president of the Warren Petroleum Corporation, Tulsa, Okla.; and Henry H. Cate, president of the Flour Mills of America, Inc., Kansas City, Kan., were elected directors of this road at the annual stockholders' meeting held in St. Louis, Mo., on May 9. The stockholders previously had voted to increase the membership of the board from 15 to 18.

Missouri Pacific. — *Equipment Trust Certificates.*—This road has applied to the Interstate Commerce Commission for authority to assume liability for $8,700,000 of Series HH equipment trust certificates, the proceeds of which will be applied toward the purchase of equipment estimated to cost approximately $11,685,000. The equipment includes 600 50-ton automobile box cars, at $4,800 each; 50 70-ton covered hoppers, at $4,900 each; and 50 65-ft. mill-type gondola cars, at $5,500 each, all of which will be constructed by the road's DeSoto, Mo., shops. The applicant also intends to acquire 6 4,500-hp. Diesel-electric freight locomotives, at $414,023 each, from the Electro-Motive Division of General Motors Corporation; 3 astra-dome passenger cars, at $119,421 each; 3 standard passenger cars, at $93,442 each; and 4 stainless steel sleeping cars, at $110,215 each, from the Budd Company; 21 aluminum sleeping cars, at $118,653 each, and 1 aluminum sleeper-lounge car, at $127,563, from the Pullman-Standard Car Manufacturing Company; and 500 50-ton all steel box cars, at $4,222 each, from the Pressed Steel Car Company.

The certificates would be dated May 15 and will be sold on the basis of competitive bidding.

New York, New Haven & Hartford.—*Equipment Trust Certificates.*—Division 4 of the Interstate Commerce Commission has authorized this road to assume liability for $5,265,000 of equipment trust certificates, the proceeds of which will be applied toward the purchase of 45 1,500-hp. Diesel-electric freight locomotives, as outlined in *Railway Age* of April 12, page 768. The certificates will be dated May 1 and will mature in 15 equal annual installments, starting May 1, 1948. The report also approves a selling price of 98.67 with a 2 per cent interest rate, the bid of Salomon Brothers & Hutzler, on which basis the average annual cost will be approximately 2.20 per cent.

Norfolk Southern.—*Election of President.*—Joseph T. Kingsley, whose election as chairman of the board of this road was reported in the *Railway Age* for March 22, page 637, has been elected president to succeed L. A. Beck. Mr. Beck will continue as a member of the board of directors. Patrick B. McGinnis succeeds Mr. Kingsley as chairman. William T. Griffin, a director, was elected vice-president and general counsel. Oliver D. Appleton, John K. Lucey, John S. Routh, Perry N. Selheimer and T. Peter Ansberry were elected directors to succeed H. D. Bateman, James S. Hayes, I. Howard Lehman, Carroll M. Shanks and Earl Johnson.

Norfolk & Western. — *Stock.* — This road has applied to the Interstate Commerce Commission for authority to issue 920,000 shares of adjustment preferred stock and 5,625,932 shares of common stock, par value $25 per share, in exchange, respectively, for 230,000 shares of adjustment preferred stock and 1,406,483 shares of common stock, par value $100 per share, actually and nominally issued. The stock would be issued in each case on the basis of 4 shares of the $25-par stock for each share of the $100 stock.

PENNSYLVANIA-DELAWARE & HUDSON.—*Bonds.*—Division 4 of the Interstate Commerce Commission has authorized these roads to assume joint liability as guarantors of $2,186,000 of Wilkes-Barre Connecting Series B first and improvement mortgage 3 per cent bonds, which the commission, in the same proceeding, authorized the latter road to issue. The bonds will be due May 1, 1967, and will be delivered in equal proportions to the P.R.R. and D. & H. in exchange for a like amount of Connecting's Series A first and improvement mortgage bonds.

SEABOARD AIR LINE.—*Initial Dividend.*—This company has declared an initial dividend of $2.50 a share on the 5 per cent A preferred stock, payable on June 30 to stockholders of record on June 10.

SEABOARD AIR LINE.—*Receivership.*—Division 4 of the Interstate Commerce Commission has modified its report and order of April 14, 1944, so as to eliminate the condition requiring its approval of the maximum limits of compensation and expenses, including counsel fees and expenses, of the reorganization committee of this road. The commission's action was in response to a petition filed by the committee on March 21.

The commission observed in part that the expenses of the committee, as compared with the reorganization expenses of other roads, are "not substantially out of line" with the usual requirements. "Most of the proceedings [of the Seaboard] have been carried out under the direct supervision of the courts, which undoubtedly have detailed knowledge of the services rendered," it said. "In the light of these [and other] circumstances, we find that we should waive our reserved authority to fix maximum limits." The committee is composed of O. A. Glazebrook, Jr., Joseph France and S. R. Warnken.

SOUTHERN PACIFIC.—*Bonds Sold.*—This road has sold, subject to Interstate Commerce Commission approval, $22,500,000 of San Francisco Terminal series A 3⅜ per cent first mortgage bonds to Kuhn, Loeb & Co., and associates on a bid of 99.30. The bid represented a net interest cost to the Southern Pacific of about 3.414 per cent a year. The bonds, due on June 1, 1975, were reoffered to the public at 100.45. (See the *Railway Age* of May 10, page 961.)

SOUTHERN PACIFIC.—*Reincorporation.*—This road, a Delaware corporation, has applied to the Interstate Commerce Commission for authority to acquire the properties and take over the operations of the Southern Pacific, a Kentucky corporation, and to acquire control, through ownership of stock or otherwise, of carriers controlled by the Kentucky corporation. At the same time, the applicant seeks commission authority to issue 3,772,763 shares of common stock and to assume all liabilities of the Kentucky corporation, and to assume all obligations of the latter with respect to its securities.

As outlined in *Railway Age,* April 5, page 723, the S.P.'s board of directors voted to reincorporate the road in Delaware in order to escape what they regarded as excessive tax burdens in Kentucky. The road's stockholders approved the reincorporation plan May 14. No changes were effected in the road's capital structure.

Average Prices Stocks and Bonds

	May 20	Last week	Last year
Average price of 20 representative railway stocks..	41.74	43.48	64.20
Average price of 20 representative railway bonds..	85.58	87.31	100.05

Dividends Declared

Albany & Vermont.—$1.25, semi-annually, payable May 15 to holders of record May 1.

Boston & Albany.—$2.50, payable June 30 to holders of record May 31.

Catawissa.—5% 1st issue pfd., 75¢, semi-annually; 5% 2nd issue pfd., 75¢, semi-annually, both payable May 23 to holders of record May 5.

Delaware & Bound Brook.—50¢, quarterly, payable May 20 to holders of record May 12.

Delaware & Hudson.—$1.00, quarterly, payable June 20 to holders of record May 28.

Detroit, Hillsdale & South Western.—$2.00, semi-annually, payable July 5 to holders of record June 20.

Great Northern.—preferred, $1.50, payable June 20 to holders of record May 20.

Kansas, Oklahoma & Gulf.—6% cum preferred A, $3.00, semi-annually; 6% non-cum pfd. B, $3.00, semi-annually; 6% non-cum pfd. C, $3.00, semi-annually, all payable June 2 to holders of record May 17.

Little Schuylkill Navigation & Coal.—75¢, semi-annually, payable July 15 to holders of record June 13.

North Pennsylvania.—$1.00, quarterly, payable June 10 to holders of record June 3.

Philadelphia, Germantown & Norristown.—$1.50, quarterly, payable June 4 to holders of record May 20.

Pittsburgh, Youngstown & Ashtabula.—7% pfd., $1.75, quarterly, payable June 2 to holders of record May 20.

Pittsburgh & Lake Erie.—$2.00, payable June 16 to holders of record May 26.

Seaboard Air Line.—$5.00 pfd. (init.), $2.50, payable June 30 to holders of record June 10.

Southern Pacific.—$1.00, quarterly, payable June 16 to holders of record May 26.

Troy & Greenbush.—$1.75, semi-annually, payable June 15 to holders of record May 31.

Virginian.—62½¢, quarterly, payable June 20 to holders of record June 6.

Railway Officers

EXECUTIVE

Frank E. Cheshire, general manager of the Chicago, Indianapolis & Louisville, at LaFayette, Ind., has been elected vice-president, operation, with the same headquarters. **Fred C. Berghaus,** assistant to the general manager, has been appointed assistant to the president, with headquarters as before at Chicago. A photograph of Mr. Cheshire and a sketch of his career appeared in the *Railway Age* of August 10, 1946.

John P. Kiley, assistant to the president of the Chicago, Milwaukee, St. Paul & Pacific, at Seattle, Wash., has been elected vice-president, with the same headquarters. A photograph of Mr. Kiley and a sketch of his career appeared on page 1240 of the *Railway Age* of June 22, 1946.

J. T. Mahaney, comptroller of the Missouri-Kansas-Texas, at St. Louis, Mo., has been elected vice-president in charge of accounting and finance, with the same headquarters. Born at Windsor, Mo., on July 4, 1892, Mr. Mahaney entered railroad service in 1910 as a clerk on the Midland Valley at Muskogee, Okla. In 1913 he entered the service of the Katy as a clerk, at St. Louis, at which headquarters, except for a few months at Wichita Falls, Tex., in 1918, he has remained. He was

J. T. Mahaney

appointed auditor in March, 1919, and assistant comptroller in November, 1925. In November, 1945, he was advanced to comptroller, the position he held at the time of his recent election to the vice-presidency.

FINANCIAL, LEGAL AND ACCOUNTING

J. S. Porter, assistant general claim agent of the Texas & Pacific, has been appointed general claim agent, with headquarters at Dallas, Tex., succeeding **O. F. Ellington,** who has retired. **D. P. Watt** has been appointed assistant general claim agent, succeeding Mr. Porter

F. A. Rankin, assistant freight claim agent of the Atchison, Topeka & Santa Fe, at Chicago, has been transferred to Topeka, Kan. **E. O. Schoonover** has been appointed assistant freight claim agent, at Chicago.

Vernon A. Hewitt, treasurer and assistant secretary of the Chicago, Indianapolis & Louisville, has been elected secretary and treasurer, effective June 1, with headquarters as before at Chicago.

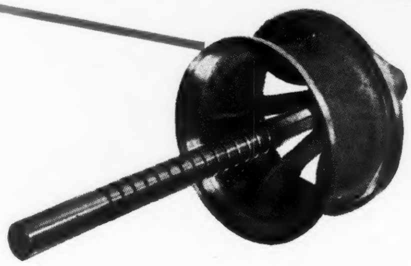
V. S. Adkins has been appointed general claim agent of the Elgin, Joliet & Eastern, at Chicago. **J. W. Kelly** has been appointed assistant auditor of disbursements, at Chicago. **H. W. Gates** has been appointed auditor of department accounts, at Joliet, Ill.

O. F. Gray has been appointed chief claim adjuster of the Atchison, Topeka & Santa Fe, with headquarters at Los Angeles, Cal., succeeding **F. H. Hitchcock,** whose promotion to assistant general claim agent, at Los Angeles, was reported in the *Railway Age* of April 19.

Rowland L. Davis, Jr., general attorney of the Delaware, Lackawanna & Western, with headquarters at New York, has been promoted to general solicitor. Mr. Davis was born at Cortland, N. Y., and

News Department continued on the second left-hand page.

HOW A POPPET-VALVE SYSTEM Gets more power from steam



Steam-engine indicator cards show the steam pressure exerted on one side of a locomotive piston as it goes through its complete cycle. The area enclosed by the diagrams indicates the amount of work done by the steam in the cylinder.

On the opposite page, an indicator card for a locomotive equipped with the Franklin System of Steam Distribution has been superimposed on a similar card for a piston-valve locomotive. The cards represent locomotives identical in all other respects. Pressures have been accurately determined to show what happens at high speed.

With poppet valves, three important basic improvements become possible.

- The structure of the steam chest is redesigned—steam-flow passages are enlarged and improved to reduce pressure drops; the valve ports are located closer to the ends of the cylinder to materially decrease the clearance volume.
- Valve action, from closed to full open and from full open to closed, is faster.
- Because separate valves are used for intake and exhaust, timing of exhaust valves is no longer a compromise with intake-valve events — maximum practical expansion and later compression are realized at all cut-offs.

The better efficiency and economy which result from these improvements are apparent from the comparison of diagrams. An engine equipped with poppet valves can use full boiler capacity at high speed. It will develop more horsepower per pound of steam. It will use less fuel and water to deliver a given horsepower output.

There are other advantages: Drifting is improved. Mechanical efficiency is higher. Maintenance on the entire driving mechanism, including valve gear, is less. And with lower steam demand on the boiler, boiler and firebox maintenance is substantially reduced.

The Franklin System of Steam Distribution can be applied to new or existing locomotives, for passenger *and* freight service.

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FRANKLIN RAILWAY SUPPLY COMPANY, INC.

NEW YORK • CHICAGO • MONTREAL

STEAM DISTRIBUTION SYSTEM • BOOSTER • RADIAL BUFFER • COMPENSATOR AND SNUBBER • POWER REVERSE GEARS
AUTOMATIC FIRE DOORS • DRIVING BOX LUBRICATORS • STEAM GRATE SHAKERS • FLEXIBLE JOINTS • CAR CONNECTION

was graduated from Phillips Exeter Academy in 1925. He studied at Amherst College for two years and was graduated from the University of North Carolina in 1929 as a bachelor of arts. Mr. Davis was graduated from the law school of Yale University in 1932 and the following year he was admitted to the New York bar. He joined the law department of the Lackawanna on June 15, 1939, as an attorney. Prior thereto, he was associated for seven years with the law firm of Sales, Flannery, Collins & Evans of Elmira, N. Y. Mr. Davis became assistant general attorney of the Lackawanna on April 16, 1940, and was appointed general attorney on March 1, 1946.

J. M. Gleason has been appointed car accountant of the Elgin, Joliet & Eastern, at Joliet, Ill.

OPERATING

W. J. O'Connor has been appointed superintendent of the Middle division of the Colorado & Wyoming, at Pueblo, Colo.

W. S. Hewson, chief dispatcher, Kamloops division, of the Canadian National, has been appointed superintendent of transportation, with headquarters at Vancouver, B. C., succeeding **F. E. Carey,** who has retired.

O. C. Genung has been appointed superintendent of the Illinois Terminal at Springfield, Ill., succeeding **L. B. Martin,** whose death was reported in the *Railway Age* of April 19.

M. R. Black, division engineer of the Cincinnati division of the Louisville & Nashville, has been appointed assistant to the superintendent of the Montgomery and New Orleans division, with headquarters at Mobile, Ala., a newly created position.

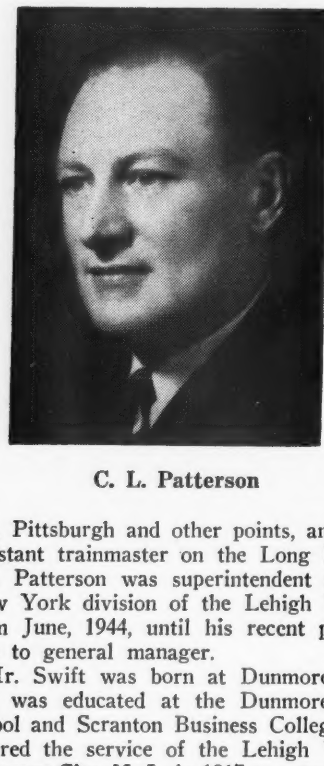
John H. Martin has been appointed district merchandise manager of the New York, New Haven & Hartford, with headquarters at Boston, Mass.

William V. Dorsey, freight agent of the Southern at Asheville, N. C., has been appointed to the newly-created position of general supervisor, freight claims, of the system, with headquarters at Atlanta, Ga.

James A. Lusk, assistant superintendent of transportation of the Atchison, Topeka & Santa Fe at Chicago, has been promoted to system supervisor of freight claim prevention, with the same headquarters, a newly created position. **Donald A. Baumgartner,** chief clerk to the general superintendent of transportation, has been advanced to assistant superintendent of transportation at Chicago, succeeding Mr. Lusk. **Robert H. Anderson,** heretofore in yard service at Newton, Kan., has been promoted to assistant to the superintendent of transportation, with headquarters at Chicago.

F. E. Hoefer, assistant superintendent of the Houston division of the Southern Pacific, has been appointed superintendent of the Dallas and Austin divisions, with headquarters at Ennis, Tex., and Austin, succeeding **R. de Waal,** who has been transferred to San Antonio, Tex., where he succeeds the late **J. D. Kinsler. E. P. Evans,** trainmaster on the Houston division, succeeds Mr. Hoefer at Houston. **Leslie McDonald,** assistant trainmaster at Sanderson, Tex., succeeds Mr. Evans as trainmaster on the Houston division.

C. L. Patterson, superintendent of the New York division of the Lehigh Valley, with headquarters at Jersey City, N. J., has been promoted to general manager, with headquarters at New York, succeeding **J. R. Grove,** resigned. **James J. Swift** has been appointed superintendent of the New York division, to succeed Mr. Patterson. Mr. Patterson is a native of Pittsburgh, Pa., and attended school at Lawrenceville, N. J., and later Princeton University. He entered the service of the Lehigh Valley at Bethlehem, Pa., in 1943 as supervisor terminal operations. Prior to this he held various positions in the operating and mechanical departments of the Pennsylvania, dating from 1923, at Philadelphia, Pa., Pittsburgh and other points, and was assistant trainmaster on the Long Island. Mr. Patterson was superintendent of the New York division of the Lehigh Valley from June, 1944, until his recent promotion to general manager.



C. L. Patterson

Mr. Swift was born at Dunmore, Pa., and was educated at the Dunmore high school and Scranton Business College. He entered the service of the Lehigh Valley at Jersey City, N. J., in 1917 as a traveling car agent and has held various positions in the operating department at Bethlehem, Pa., and Sayre, and Buffalo, N. Y.

TRAFFIC

Ralph J. Hanson, traffic manager-sales and service of the Akron, Canton & Youngstown, has been promoted to general traffic manager in charge of the traffic department, with headquarters as before at Akron, Ohio. The position of traffic manager-sales and service has been abolished.

Norman E. White has been appointed assistant general freight agent of the Illinois Central, with headquarters at Chicago, succeeding **I. L. O'Brien,** who has resigned to become assistant general traffic manager of the Monsanto Chemical Company, St. Louis, Mo.

Earl C. Adler, commercial agent of the Erie, at Washington, D. C., has been appointed general agent, with headquarters at Indianapolis, Ind., succeeding **F. F. Moore,** who has retired after 21 years of service.

George E. Ehlert has been appointed general western agent of the Savannah & Atlanta, with headquarters at Chicago, succeeding **J. H. McEachern,** who has resigned to engage in other business.

F. D. Lucas has been appointed district freight and passenger agent of the Denver & Rio Grande Western, with headquarters at St. Louis, Mo.

John L. Bickley, assistant to the passenger traffic manager of the Grand Trunk Western, at Chicago, has been appointed general passenger agent, with the same headquarters, a newly created position.

D. R. Temple, traveling freight and passenger agent of the Southern Pacific, has been appointed district freight and passenger agent, with headquarters at Waco, Tex., succeeding **Wade Cunningham,** who has retired after more than 52 years of service.

George R. Bainter, district passenger agent of the Atchison, Topeka & Santa Fe, with headquarters at St. Louis, Mo., has retired.

H. J. Phillips, general freight agent of the Chicago North Shore & Milwaukee at Chicago, has been appointed assistant general traffic manager, with the same headquarters. **H. R. Erickson,** chief clerk, has been appointed division passenger agent, with headquarters as before at Chicago.

Dewey E. Manderson, division freight agent of the Southern at Mobile, Ala., has been appointed assistant general freight agent at Lynchburg, Va., succeeding **Omer L. Jeter,** who has been transferred to Macon, Ga. **John H. Grieme,** district freight agent at Mobile, has been appointed division freight agent there, succeeding Mr. Manderson. **Harvey W. Shaefer,** commercial agent at Lynchburg, has been appointed district freight agent there.

W. J. Kavanaugh has been appointed district manager, perishable traffic, of the Missouri Pacific, at Chicago.

J. S. Stetler has been appointed district passenger agent of the Southern Pacific at Pasadena, Cal.

W. J. Hoffman has been appointed general agent of the Chicago & North Western at Chicago.

F. J. Loughney has been appointed general agent of the Great Northern at Wenatchee, Wash.

Walter McHugo has been appointed traffic manager and assistant to the president of the Barre & Chelsea and the St. Johnsbury & Lake Champlain. Mr. McHugo will have jurisdiction over all traffic matters and as assistant to the presi-

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dent will have such other duties as are assigned to him. Mr. McHugo entered the service of the Montpelier & Wells River in the freight office in 1916, and, after being with the Capitol Hill Quarry Company from 1922 to 1928, returned to the Montpelier & Wells River as traveling freight agent. Later he occupied the same position with the Boston & Maine, before becoming district freight agent for the latter road. During the war period he was assistant to the vice-president of the Barre & Chelsea.

S. W. Hutchings, general traffic agent of the New York, New Haven & Hartford, with headquarters at Portland, Me., has been appointed freight traffic manager, with headquarters at New York, in charge of traffic agencies in New York, Poughkeepsie, N. Y., Philadelphia, Pa., Atlanta, Ga., and Richmond, Va. **E. V. Murphy,** western traffic manager at Chicago, has been named general freight sales manager in charge of the freight sales and service department, with headquarters at Boston, Mass. **F. R. Briggs,** assistant manager of sales and service, has been advanced to assistant to general freight sales manager, with headquarters as before at Boston. **F. S. Leddy,** assistant to the general traffic manager, has been appointed freight traffic manager, service, with headquarters as before at Boston.

Mr. Hutchings was born at New York in 1904. He entered railroad service as a clerk in the New Haven's traffic department at New York in 1920, and was appointed traveling freight agent in 1925. Subsequently he served in the same capacity at Philadelphia, Pa., and Springfield, Mass. He was promoted to district traffic agent in charge of the Springfield office in 1938. Early in 1946 Mr. Hutchings was appointed general traffic agent at Portland, Me., which position he held until his present appointment.

ENGINEERING & SIGNALING

E. L. Anderson has been appointed assistant chief engineer, maintenance, of the St. Louis-San Francisco, with headquarters at Springfield, Mo., with jurisdiction over maintenance of way and structures, reporting to the chief engineer on engineering matters, and to the general manager on operating matters.

J. N. Fuller, roadmaster on the Dallas and Austin divisions of the Southern Pacific, has been appointed senior assistant engineer in the office of the chief engineer, at Houston, Texas.

Carl W. Ellis, signal office engineer of the Western Pacific, at San Francisco, Cal., has been appointed signal engineer, with the same headquarters.

J. A. Lahmer, senior assistant engineer of the Missouri Pacific, at St. Louis, Mo., has retired. **D. X. Greenberg,** assistant engineer at Wichita, Kan., has been transferred to St. Louis, to succeed Mr. Lahmer.

L. Herring, division storekeeper of the Atchison, Topeka & Santa Fe at Arkansas City, Kan., has been transferred to Newton, Kan., to replace **R. E. Cochrun,** who has retired. **E. S. Birt** succeeds Mr. Herring on the Oklahoma division.

W. V. Kerns, superintendent of bridges and buildings of the Chicago & North Western, at Mason City, Iowa, has been promoted to division engineer of the Black Hills division, with headquarters at Chadron, Neb., succeeding **H. L. Barr,** who has been transferred to the Iowa division, with headquarters at Boone, Iowa, where he replaces **C. H. Wells,** who has retired.

R. G. Bennett has been appointed general storekeeper of the Candadian Pacific at Winnipeg, Man.

T. E. Reyman has been appointed architect of the Atchison, Topeka & Santa Fe, with headquarters at Amarillo, Tex., succeeding the late **L. F. Borden.**

James B. Clark, assistant division engineer of the Louisville & Nashville at Birmingham, Ala., has been promoted to division engineer, Cincinnati division, succeeding **M. R. Black,** promoted to assistant to the superintendent of the Montgomery and New Orleans division. **G. R. Sproles,** assistant division engineer at Evansville, Ind., has been transferred to Birmingham, succeeding Mr. Clark. **John Leinard,** draftsman at Louisville, Ky., has been promoted to assistant engineer, Knoxville and Atlanta division, with headquarters at Knoxville, Tenn., succeeding **J. P. Bolling,** who has been appointed assistant engineer at Louisville. **F. H. Boulton,** assistant engineer at Louisville, has been advanced to assistant division engineer, Evansville division, with headquarters at Evansville, succeeding Mr. Sproles. **H. B. Lewis,** draftsman at Louisville, has been promoted to assistant engineer, Eastern Kentucky division, with headquarters at Ravenna, Ky., replacing **Charles Yarbrough,** who has been promoted to assistant engineer at Louisville.

F. H. McGuigan, 3rd, instrumentman of the Missouri Pacific, at Coffeyville, Kan., has been appointed assistant engineer, with headquarters at St. Louis, Mo.

W. E. Fuhr, assistant engineer of the Chicago, Milwaukee, St. Paul & Pacific at Aberdeen, S. D., has been appointed assistant division engineer, with headquarters at Mason City, Iowa.

MECHANICAL

M. A. Walsh has been appointed master mechanic of the Trans-Missouri division of the Chicago, Milwaukee, St. Paul & Pacific, with headquarters at Miles City, Mont., succeeding **Barry Glen,** who has resigned.

P. J. Finch, locomotive draftsman for the Advisory Mechanical Committee of the Chesapeake & Ohio, the New York, Chicago & St. Louis, the Pere Marquette, and the Erie, has been appointed mechanical engineer of the C. & O., with headquarters at Richmond, Va.

E. A. Sweeley, machanical superintendent of the Fruit Growers Express, the Burlington Refrigerator Express and the Western Fruit Express, has been promoted to general mechanical superintendent of these three companies, with headquarters as before at Alexandria, Va. **H. M. Nelson** has been appointed mechanical superintendent of the three companies, succeeding Mr. Sweeley.

A. Betton, locomotive foreman of the Canadian Pacific, at Brandon, Man., has been appointed division master mechanic at Lethbridge, Alta., succeeding **A. Hayward,** who has been transferred to Vancouver, B. C. **D. Francis,** locomotive foreman, at Winnipeg, Man., has been appointed division master mechanic, with headquarters at Medicine Hat, Alta., succeeding **C. W. Powles,** who has been transferred to Nelson, B. C., where he replaces **G. Grant,** whose promotion to district master mechanic was reported in the *Railway Age* of May 3.

E. R. Hauer, engineer of motive power, Advisory Mechanical Committee, of the Chesapeake & Ohio, the Erie, the New York, Chicago & St. Louis, and the Pere

E. R. Hauer

Marquette, at Cleveland, Ohio, has been appointed chief mechanical engineer of the committee, succeeding **Alonzo G. Trumbull,** who has retired.

Mr. Hauer was born at Springfield, Ohio, on January 14, 1893. He received his education at the Virginia Mechanics Institute and became an employee in the smith shop of the C. & O. at Clifton Forge, Va., on November 22, 1907. He served in the boiler shop in 1908; as a clerk in 1911, and in 1912 became a machinist apprentice at Clifton Forge. In 1916 he went to Richmond, Va., as mechanical draftsman, and in 1917 he was appointed valuation inspector. In 1918 he entered the U. S. Army and in 1920 he became elevation engineer for the Lima Locomotive Works. He returned to the C. & O. in 1922 as enginehouse foreman at Lexington, Ky. Later in 1922 he was appointed chief draftsman at Richmond. He became assistant shop superintendent at Huntington, W. Va., in 1929; mechanical engineer at Richmond in 1932, and from 1936 until April, 1942, was engineer of motive power, Advisory Mechanical Committee of the C. & O., the Erie, the Nickel Plate, and the Pere Marquette. From April, 1942, until July, 1944, he was assistant and associate director,

News Department is continued on the second left-hand page.

Office of Defense Transportation. He then resumed his duties as engineer of motive power, Advisory Mechanical Committee, at Cleveland, and on April 1, 1947, was appointed chief mechanical engineer of the committee.

Joseph B. Blackburn, mechanical engineer of the Chesapeake & Ohio at Richmond, Va., has been appointed engineer of motive power, Advisory Mechanical

Joseph B. Blackburn

Committee of the Chesapeake & Ohio, the New York, Chicago & St. Louis, the Erie, and Pere Marquette, with headquarters at Cleveland, O. He was born in Essex County, Va., in 1898. He attended preparatory school and the Virginia Polytechnic Institute from which he received his B. S. in mechanical engineering in 1921. From 1921 until 1924 he was a teacher in junior high school at Norfolk, Va. On May 1, 1924, he became a draftsman in the employ of the C. & O. at Richmond. On February 1, 1929, he became special mechanical inspector at Richmond; on March 1, 1929, chief draftsman; on February 1, 1930, mechanical engineer; on January 1, 1932, draftsman; on August 1, 1933, mechanical inspector, and on December 1, 1934, equipment inspector at Huntington, W. Va. On February 1, 1936, Mr. Blackburn was appointed engineer motive power, Advisory Mechanical Committee, at Cleveland; on August 1, 1936, mechanical assistant to chief mechanical officer of the C. & O., on November 1, 1938, mechanical engineer at Richmond, and on April 1, 1947, engineer of motive power, Advisory Mechanical Committee. Mr. Blackburn is a member of the Locomotive Construction Committee of the Mechanical Division, A.A.R.

Alonzo G. Trumbull, chief mechanical engineer, Advisory Mechanical Committee, of the Chesapeake & Ohio, the New York, Chicago & St. Louis, the Erie, and the Pere Marquette, retired on April 1. Mr. Trumbull was born at Hornell, N. Y., and is a graduate of Cornell University where he received his M.E. degree in 1899. He entered railroad service in 1902 as engineer of tests of the Erie. In 1903 he was appointed mechanical engineer; in 1905, assistant mechanical superintendent at Meadville, Pa.; in 1907, assistant mechanical superintendent, Ohio division, and mechanical superintendent, Ohio division and Chicago & Erie, successively; in 1912, mechanical superintendent, Erie division; in 1914, assistant to general mechanical superintendent; in 1919, assistant general mechanical superintendent; •in 1920, mechanical superintendent, Ohio region; in 1922, chief mechanical engineer, Erie Railroad at New York, and in 1929, chief mechanical engineer, Advisory Mechanical Committee, with headquarters at Cleveland, Ohio. In 1945 Mr. Trumbull was appointed also general mechanical engineer of the Chesapeake & Ohio, the Pere Marquette, and the New York, Chicago & St. Louis. Mr. Trumbull has long been active in the work of the Mechanical Division, A.A.R. In 1920 he was chairman of the Committee on Mod-

Alonzo G. Trumbull

ernization of Stationary Boiler Plants and from 1925 to 1928 was chairman of the Tank Car Committee. He is a member of the American Society of Mechanical Engineers and was on the Executive Committee of the Railroad Division of that society from 1928 to 1933.

SPECIAL

O. F. Gnadinger, supervisor of safety of the Elgin, Joliet & Eastern, has been appointed supervisor of safety and personnel, at Joliet, Ill.

Dr. John N. Osburn, chief of the eye, ear, nose and throat department of the Coast Lines hospital of the Atchison, Topeka & Santa Fe, has been appointed chief surgeon, with headquarters as before at Los Angeles, Cal.

Dr. J. Alan Shand has been appointed chief surgeon at the La Junta (Colo.) hospital of the Atchison, Topeka & Santa Fe, succeeding **Dr. R. S. Johnston**, who has resigned.

G. C. Lace, superintendent of the Central Illinois division of the Railway Express Agency, has been appointed superintendent of organization, with headquarters as before at Chicago.

OBITUARY

Howard K. Carter, assistant division engineer of the New York Central at Bellefontaine, Ohio, died recently.

Robert Regnault Nace, chief engineer maintenance of way of the New York Zone of the Pennsylvania at New York, died on May 19 at St. Elizabeth's hospital, Elizabeth, N. J., after a short illness, in his 65th year. Mr. Nace was born at Tacony, a suburb of Philadelphia, Pa., on August 27, 1882, and received his education at the Northeast Manual Training School and Drexel Institute, both at Philadelphia. He entered the service of the Pennsylvania on December 5, 1901, as a rodman and served in various capacities on the system until 1917, when he became supervisor of the South Philadelphia track elevation. On August 12, 1918, he was appointed agent of the Mantua Transfer station, and on March 1, 1919, he was promoted to assistant engineer, maintenance of way, serving in the office of the assistant to the president of the Pennsylvania until the end of federal control of the railroads. From 1920 until 1928, he served as engineer maintenance of way and as superintendent of a number of divisions of the Pennsylvania, including the Eastern Ohio, Schuylkill and Indianapolis. He was transferred to the New York Zone on October 1, 1928, and appointed chief engineer, maintenance of way, with additional responsibilities as chief engineer maintenance of way for the Long Island, which position he held until the time of his death. Mr. Nace formerly held the rank of lieutenant commander, United States Naval Reserve, and was a member of many organizations.

William D. Faucette, executive representative of the Seaboard Air Line, with headquarters at Norfolk, Va., died on May 19. Mr. Faucette was born at Halifax, N. C., on June 27, 1881, and attended North Carolina State College at Raleigh, N. C., receiving his B.E. in 1901; C.E. in 1910 and D. Sc. in 1929. He entered railroad service in 1901 as assistant engineer in the Savannah office of the Seaboard Air Line, and from 1910 to 1912 he was chief clerk to the president. From January 1, 1913, to June 1, 1944, he served as chief engineer of the road, being appointed executive representative on June 1, 1944.

Howard L. Kern, general counsel of the Central of New Jersey, with headquarters at New York, died on May 12 at his home in West Orange, N. J., at the age of 61. Mr. Kern was born at Charles City, Iowa, on February 4, 1886, and received his A.B. degree in 1907 from Cornell College, Mt. Vernon, Iowa, and his LL.B. in 1911 from Harvard University. Mr. Kern was associated with Cravath & Henderson, New York, from 1911 to 1913. From 1914 to 1921 he was attorney general of Puerto Rico and during absences of the governor he was acting governor by designation of the President from 1917 to 1919. From 1920 to 1928 Mr. Kern was a member of Armstrong, Keith & Kern, New York, and from 1928 to 1941, he was assistant general attorney, International Telegraph & Telephone Corporation and general attorney or general counsel of its various subsidiaries. Mr. Kern was appointed general counsel of the Central of New Jersey, the Wharton & Northern and the New York & Long Branch on May 1, 1941.

Table of Operating Revenues and Expenses appears on the next left-hand page.

Operating Revenues and Operating Expenses of Class I Steam Railways

Compiled from 129 monthly reports of revenues and expenses representing 133 Class I steam railways

(Switching and Terminal Companies Not Included)

FOR THE MONTH OF FEBRUARY 1947 AND 1946

Item	United States 1947	United States 1946	Eastern District 1947	Eastern District 1946	Southern District 1947	Southern District 1946	Western District 1947	Western District 1946
Miles of road operated at close of month	227,311	227,516	55,802	55,970	43,345	43,367	128,164	128,179
Revenues:								
Freight	$518,614,510	$421,214,291	$200,106,554	$155,934,485	$108,627,297	$92,104,532	$209,880,659	$173,175,274
Passenger	70,766,339	114,655,424	34,658,415	48,453,996	12,839,104	20,880,645	23,268,820	45,320,783
Mail	10,426,179	9,557,075	3,839,223	3,286,946	1,796,450	1,656,392	4,790,506	4,613,737
Express	7,259,177	6,176,975	1,952,205	299,210	1,531,496	1,153,843	3,775,476	4,723,922
All other operating revenues	28,873,556	27,502,062	13,143,190	12,472,249	4,594,605	3,918,850	11,135,761	11,110,963
Railway operating revenues	635,939,761	579,105,827	253,699,587	220,446,886	129,388,952	119,714,262	252,851,222	238,944,679
Expenses:								
Maintenance of way and structures	84,698,348	80,395,943	31,258,318	28,964,151	18,990,700	17,121,347	34,449,330	34,310,445
Depreciation	10,105,395	9,962,934	4,364,126	4,319,012	1,656,870	1,594,318	4,084,399	4,049,604
Retirements	513,710	224,186	107,195	29,087	226,612	40,409	179,903	154,690
Deferred Maintenance	*278,871	*416,783	*31,724	*19,318	*26,858	*224,647	*220,289	*172,818
Amortization of defense projects	102,867	*15,267	9,331	11,080	27,665	*19,708	65,871	*6,639
Equalization	4,926,193	5,495,211	2,653,294	2,713,519	1,033,777	1,177,474	1,239,122	1,604,218
All other	69,329,054	65,145,662	24,156,096	21,910,771	16,072,634	14,553,501	29,100,324	28,681,390
Maintenance of equipment	118,777,411	108,344,849	52,027,508	46,234,305	23,083,701	19,969,029	43,666.202	42,141,515
Depreciation	18,704,720	18,241,618	7,677,814	7,608,394	3,835,817	3,656,893	7,191,089	6,976,331
Retirements	*26,358	*82,038	*5,681	*52,076	*8,760	*24,145	*11,917	*5,817
Deferred maintenance and major repairs	*294,818	*372,349	*449	*50,254	*75,694	*57,468	*218,675	*264,627
Amortization of defense projects	1,250,345	500,290	486,281	242,421	226,781	78,698	537,283	179,171
Equalization	361,666	538,689	70,498	*4,555	261,652	501,156	29,516	42,088
All other	98,781,856	89,518,639	43,799,045	38,490,375	18,843,905	15,813,895	36,138,906	35,214,369
Traffic	13,545,784	12,040,862	4,877,315	4,427,727	2,736,164	2,325,109	5,932,305	5,288,026
Transportation—Rail line	263,742,605	229,285,146	118,911,502	102,709,380	47,468,910	39,657,481	97,362,193	86,918,285
Miscellaneous operations	9,740,182	9,548,478	3,641,291	3,839,740	1,506,925	1,332,807	4,591,966	4,375,931
General	18,875,217	16,676,025	7,473,516	6,896,560	3,813,558	3,217,234	7,588,143	6,562,231
Railway operating expenses	509,379,547	456,291,303	218,189,450	193,071,863	97,599,958	83,623,007	193,590,139	179,596,433
Net revenue from railway operations	126,560,214	122,814,524	35,510,137	27,375,023	31,788,994	36,091,255	59,261,083	59,348,246
Railway tax accruals	70,410,658	61,161,906	24,330,256	18,236.055	16,496,198	16,638,681	29,584,204	26,287,170
Pay-roll taxes	26,861,264	17,997,912	11,524,569	7,771,969	5,031,383	3,166,133	10,305,312	7,059,810
Federal income taxes	20,961,893	21,500,282	3,905,142	1,534,118	6,906,246	8,985,766	10,150,505	10,980,398
All other taxes	22,587,501	21,663,712	8,900,545	8,929,968	4,558,569	4,486,782	9,128,387	8,246,962
Railway operating income	56,149,556	61,652,618	11,179,881	9,138,968	15,292,796	19,452,574	29,676,879	33,061,076
Equipment rents—Dr. balance	9,458,029	8,253,434	5,098,231	3,921,436	*770,891	*885,093	5,130,689	5,217,091
Joint facility rent—Dr. balance	3,545,955	2,877,221	1,680,838	1,384,293	459,818	372,106	1,405,299	1,120,822
Net railway operating income	43,145,572	50,521,963	4,400,812	3,833,239	15,603,869	19,965,561	23,140,891	26,723,163
Ratio of expenses to revenues (per cent)	80.1	78.8	86.0	87.6	75.4	69.9	76.6	75.2

FOR THE TWO MONTHS ENDED WITH FEBRUARY 1947 AND 1946

Item	United States 1947	United States 1946	Eastern District 1947	Eastern District 1946	Southern District 1947	Southern District 1946	Western District 1947	Western District 1946
Miles of road operated at close of month	227,312	227,518	55,803	55,970	43,345	43,367	128,164	128,181
Revenues:								
Freight	$1,069,662,638	$874,587,866	$414,490,961	$329,470,217	$225,654.866	$185,261,832	$429,516,811	$359,855,817
Passenger	153,216,558	252,258,680	75,409,946	103,995,129	27,292,671	43,678,197	50,513,941	104,585,354
Mail	21,544,975	20,114,067	7,796,557	6,856,821	3,713,973	3,462,085	10,034,445	9,795,161
Express	16,239,764	14,518,592	4,569,553	1,090,466	3,053,116	2,653,682	8,617,095	10,774,444
All other operating revenues	60,809,852	58,467,290	27,599,334	26.440.538	9,486,705	8,192,197	23,723,813	23.834,555
Railway operating revenues	1,321,473,787	†219,946,495	529,866,351	467,853,171	269,201,331	243,247,993	522,406,105	508,845,331
Expenses:								
Maintenance of way and structures	171,367,265	167,441,535	62,805,890	61,129,403	38,332,203	35,357,551	70,229,172	70,954,581
Depreciation	20,203,909	19,927,693	8,725,509	8,602,364	3,310.144	3,215,532	8,168,256	8,109,797
Retirements	860,754	1,029,638	256,503	121,512	298,287	109,026	305,964	799,100
Deferred Maintenance	*486,118	*962,874	*70,647	*38,508	*49,678	*460,425	*365,793	*463,941
Amortization of defense projects	209,814	*88,812	22,642	21,100	54,755	*71,915	132,417	*37,997
Equalization	9,492,855	10,573,143	5,199,407	5,145,052	1,766,008	2,562,702	2,527,440	2,865,389
All other	141,086,051	136,962,747	48,672,476	47,277,883	32,952,687	30,002,631	59,460,888	59,682,233
Maintenance of equipment	244,978,810	226,775,373	107,449,079	97,618,917	47,854,492	41,220,053	89,675,239	87,936,403
Depreciation	37,481,210	36,553,836	15,469,081	15,241,314	7,651,623	7,392,009	14,360,506	13,920,513
Retirements	*45,596	*106,121	*7,416	*58,949	*12,292	*35,798	*25,888	*11,374
Deferred maintenance and major repairs	*531,663	*605,854	*2,258	*50,254	*148,396	*116,470	*381,009	*439,130
Amortization of defense projects	2,508,234	1,056,709	979,365	457,862	456,257	209,294	1,072,612	389,553
Equalization	808,528	762,932	126,678	5,061	625,388	674,567	56,462	83,304
All other	204,758,097	189,113,871	90,883,629	82,023,883	39,281,912	33,096,451	74,592,556	73,993,537
Traffic	27,271,828	23,967,205	9,709,550	8,676,793	5,512,328	4,608,273	12,049.950	10,682,139
Transportation—Rail line	545,307,109	480,290,030	243,902,781	215,476,916	97,821,325	81,905,783	203,583.002	182,907,331
Miscellaneous operations	20,684,552	20,134,149	7,781,021	8,029,849	3,084,935	2,823,243	9,818,596	9,281,057
General	38,718,201	34,429,191	15,349,186	14,149,370	7,793,829	6,678,962	15.575,186	13,600,859
Railway operating expenses	1,048,327,764	953,037,483	446,997,507	405,081,248	200,399,112	172,593,865	400,931,145	375,362,370
Net revenue from railway operations	273,146,023	266,909,012	82,868,844	62,771,923	68,802,219	70,654,128	121,474,960	133,482,961
Railway tax accruals	146.069.712	128,628,777	50,880,222	37,623,692	34,916.055	32,931,864	60,273,435	58,073,221
Pay-roll taxes	55,343,852	37,697,074	23,595,406	16,263,398	10,362,831	6,608.423	21,385,615	14,825,253
Federal income taxes	45,301,609	47,404,634	9,175,983	3,601,074	15,460,644	17,359,884	20,664,982	26,443,676
All other taxes	45,424,251	43,527,069	18,108.833	17,759,220	9,092,580	8,963,557	18,222,838	16,804,292
Railway operating income	127,076,311	138,280,235	31,988,622	25,148,231	33,886,164	37,722,264	61,201,525	75,409,740
Equipment rents—Dr. balance	18,863,667	16,087,996	9,824,661	7,110,276	*1,116,721	*1,960,588	10,155,727	10,938,308
Joint facility rent—Dr. balance	7,010,631	5,722,384	3,467,155	2,919,401	946,134	757,122	2,597,342	2,045,861
Net railway operating income	101,202,013	116,469,855	18,696,806	15,118,554	34,056,751	38,925,730	48,448,456	62,425,571
Ratio of expenses to revenues (per cent)	79.3	78.1	84.4	86.6	74.4	71.0	76.7	73.8

* Decrease, deficit, or other reverse item.

† Railway operating revenues are after deduction of $559,511 for the two months ended with February 1946, to create a reserve for land grant deductions in dispute.

Compiled by the Bureau of Transport Economics and Statistics, Interstate Commerce Commission. Subject to revision.

GENERAL NEWS

(*Continued from page 1089*)

Freight Car Loadings

Carloading figures for the week ended May 17 were not available when this issue went to press.

Loading of revenue freight for the week ended May 10 totaled 884,242 cars, and the summary for that week as compiled by the Car Service Division, A. A. R., follows:

Revenue Freight Car Loading

For the Week Ended Saturday, May 10

District	1947	1946	1945
Eastern	169,321	150,199	146,390
Allegheny	188,618	129,357	176,079
Pocahontas	67,817	15,540	53,870
Southern	137,899	116,104	127,496
Northwestern	126,154	97,272	128,168
Central Western	128,621	113,267	127,275
Southwestern	65,812	63,203	79,486
Total Western Districts	320,587	273,742	334,929
Total All Roads	884,242	684,942	838,764
Commodities:			
Grain and grain products	42,023	41,148	49,498
Livestock	14,251	16,024	16,027
Coal	189,072	34,573	139,516
Coke	14,625	5,093	14,913
Forest products	48,722	45,903	42,926
Ore	70,314	26,174	75,083
Merchandise l.c.l.	122,626	126,682	108,511
Miscellaneous	382,609	389,345	392,290
May 10	884,242	684,942	838,764
May 3	882,684	671,311	866,034
April 26	893,776	660,264	899,950
April 19	865,846	650,843	864,700
April 12	758,166	649,298	847,013
Cumulative total, 19 weeks	15,517,888	13,693,281	15,160,363

In Canada.—Car loadings for the week ended May 10 totaled 76,754 cars, as compared to 75,165 cars for the previous week and 68,639 cars for the corresponding week last year, according to the compilation of the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada:		
May 10, 1947	76,754	37,544
May 11, 1947	68,639	33,286
Cumulative totals for Canada:		
May 10, 1947	1,323,698	712,392
May 11, 1947	1,258,586	658,299

California Rate Increase on Round-Trip Fares

The intrastate passenger rate increases asked by several California railroads in an application to the state utilities commission (reported in *Railway Age* of May 10, page 949), affect only round-trip first-class fares and tourist-class fares. The commission has been requested to allow an increase in the basic rate for tourist-class travel from 2.475 cents a mile to 2,75 cents a mile. The railroads have also asked that round-trip first-class fares, now 1½ times the one-way fare, be increased to 1 2/3 times the one-way fare. Tourist-class round-trip fares would be increased from the current 180 per cent of the one-way rate of 2.475 cents a mile to 180 per cent of the requested 2.75 cents a mile.

Inaugurate New Coast-to-Coast Pullman Service on June 1

A Pullman car service for coast-to-coast travelers on the so-called Washington-Sunset route between New York and Los Angeles, Calif., will be inaugurated

on June 1 by the Southern, the Pennsylvania, the Atlanta & West Point, the Louisville & Nashville and the Southern Pacific. The new service will provide through car advantages between the two cities, with a sightseeing stopover at New Orleans, La., the participating railroads state. Westbound, the air-conditioned standard Pullmans assigned to the new service will be carried on the "Piedmont Limited" from New York to Montgomery, Ala., the "Pan American" to New Orleans and the "Sunset Limited" from New Orleans to Los Angeles. Eastbound, the service will be provided on the "Sunset Limited" to New Orleans, then the "Crescent Limited" to New York.

"Caucus" to Continue Freight Car Shortage Inquiry

The executive committee of the so-called "Western States Caucus" was expected to resume hearings this week on its investigation into alleged discrimination against the West with respect to freight cars. The caucus, which began its inquiry by hearing Robert R. Young, chairman of the Chesapeake & Ohio and Allegheny Corporation, as reported in *Railway Age* of May 17, page 1049, represents 100 congressmen from 19 western states. Representative King, Democrat of California, is chairman of its executive committee.

According to Mr. King, representatives of the Department of Justice will appear, following western railroad officers, "to explain the evidence prepared by the government in its charges . . . against scores of railroads, individuals and banks." He declared that the hearings so far have "pointed definitely" to a "manipulation of the freight car shortage by eastern controlling railroads," adding that a statement issued May 8 by the Association of American Railroads was a "completely misleading" effort to show that shortages will be alleviated in the near future.

"An attempt was made . . . to have it appear that 90 per cent of demands for cars are being met," Representative King said in a statement last week. "This is definitely baseless, since many western lines are still shown by the Car Service Division, A.A.R., to be far short of 90 per cent of ownership on lines. Furthermore, the association tries to make it appear that when peak production of 10,000 cars per month is reached by the builders in midsummer, the shortage will be ended. On the contrary, the shortage itself will remain for at least three years, for besides the current actual car shortage, the railroads must replace thousands of worn-out cars which are still being used."

The caucus spokesman said that "something is wrong" with the A.A.R. figures "when they claim that 102,000 cars are on order by American roads, but admit there are only 70,000 car 'sets' on order." (A "set" is the complete assembly of steel parts needed for one car.)

"Last figures from the American Railway Car Institute . . . showed only 72,033 cars on order with its members," he continued. "That certainly fits 70,000 'sets' better than the A.A.R. 102,000 figure. If the 102,000 is correct, then railroads themselves must be planning to build 30,000 cars in their own shops, which have an annual peak capacity of only 17,000 cars. This new note of optimism from the A.A.R. should not put any western shippers to sleep. Plain truth is such statements are being issued by the A.A.R. in an effort to blow down our investigation, and we refuse to be blown."

In another statement issued last week, Representative King declared that the A.A.R.'s action to increase the per diem rental from $1,15 to $1.25 was the result of "pressure on the part of the . . . caucus to relieve the freight car shortage in the West," and "proof of all the testimony on eastern domination of railroads." At the same time, he said that the increase was insufficient and "will in no way relieve the western car shortage."

"Eastern railroads will laugh as they add 10 cents to the kitty to rent a $4,000 car and keep it from western service," Representative King stated. "What is more important is that it proves conclusively . . . that such railroads as the Pennsylvania and New York Central control the A.A.R. When it comes to voting on a per diem rate, the vote is usually based upon car ownership. The two railroads mentioned own 25 per cent of the cars. In addition, they have been responsible for forcing small lines to deplete their own freight car supply with promises that the big railroads would supply them, thus forcing the small roads to vote their way." Representative King said that "we may get some action" when the rate is raised to $2 per day "The testimony thus far adduced indicates that $1.56 is the minimum out of pocket cost of owning a freight car," he concluded. "So at the rate of $1.25 per day the incentive still remains to keep western freight cars captive on eastern lines."

Emergency Board on B. & G.

President Truman issued an executive order on May 16 authorizing the creation of an emergency board to investigate a dispute on the Bingham & Garfield affecting certain employees represented by the Brotherhood of Locomotive Firemen & Enginemen and the Order of Railway Conductors. The board, the personnel of which was not then named, has been ordered to submit its findings to the President within 30 days from May 16.

I. C. C. Sets July 10 for Hearing in Mail Pay Proceeding

The Interstate Commerce Commission has set July 10 as the hearing date in the No. 9200 proceeding, wherein the railroads are seeking an increase of 45 per cent in rates for handling United States mail. The hearing will be held at the commission's Washington, D. C., offices before Commissioner Mitchell and Examiner Koch.

The hearing notice was made public May 21, the same day on which it issued an order authorizing reopening of the proceeding. The railroads' petition for increased compensation was dated February 19 and supplemented April 17.